

THE UNIVERSITY OF HULL

PERCEPTIONS OF CUSTOMER SERVICE IN MALAYSIA:
A STUDY OF THE PILGRIMS MANAGEMENT AND FUND BOARD

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by

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ABSTRACT

This study measures expectations of customer service and perceptions of outcome for 183 customers and 81 employees in the Pilgrims Management and Fund Board in Malaysia.

The data collection strategy used is that of the triangulation method. The findings from structured questionnaires were supplemented by interviews where possible and selected observation of operations. The structured questionnaire was statistically analysed by SPSS computer programme.

Gaps are detected between : -

- customers' expectation and employees' perception of that expectation (Gap A),
- customers' and employees' perception of the service delivery process during and after transaction (Gaps A & B),
- customers' expectation and their overall perception of customer service delivery.

The first mentioned is greater than the second mentioned in each case.

Parameters which give rise to customers' expectation were further explored. Gender, age, marital status, educational level, income, media exposure and a monopoly supplier situation were found not to have a significant correlation with expectation. Dwelling area was significantly correlated but in the opposite way to the expected; the less sophisticated rural dwellers had higher expectation. Personality was inversely related, again contrary to the researcher's initial belief ; weaker personalities had higher expectations. Only 2 out of 17 values are significantly correlated to customer expectation; mature love and self respect.

Similarly parameters which may give rise to employees' perception of customer service delivery were explored. Organizational climate, gender, age, marital status and length of service were found not to have a significant correlation with perception of customer service delivery. However, the higher the position in the organization, educational level and salary (all of which may be auto correlated) the better the perception of customer service delivery. It was found that the greater the value placed by the employees on the organizational offer the greater their perception of customer service delivery.

There is a distinct lack of significant correlation between cultural and environmental factors and expectation and perception of customer service.

Expectations are high even in unsophisticated areas and are not fully met. This suggest that expectation may be fundamental by-product of social interaction rather than the product of any particular kind of consumer culture. This in turn suggests that there were few barriers in Malaysia to the spread of customer service ideas common in the west over a number of years.

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TABLE OF CONTENTS

CHAPTER 1 : OVERVIEW OF THE RESEARCH PROJECT	1
1.1 Introduction	1
1.2 Managing The Customer Service Function	7
1.3 Rationale of the study	11
1.3.1 Why Customer Service In Malaysia ?	11
1.3.2 Why a Public Sector Organization ?	14
1.3.3 Why The Pilgrims Management and Fund Board, Malaysia.	14
1.4 Organization of the Chapters	19
 CHAPTER 2 : LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK	 20
2.1 Introduction	20
2.2 Definitions of Customer Service	20
2.3 Service Quality Concept	26
2.4 Dimensions of Customer Service	28
2.5 Conceptual Framework of The Study	32
2.5.1 Introduction	32
2.5.2 Evolution of Proposed Model	41
2.5.3 Pre - Transaction Phase	45
2.5.4 Transaction Phase	59
2.5.5 Post - Transaction Phase	63

CHAPTER 3 : RESEARCH METHODOLOGY	68
3.1 Research Design	68
3.2 Data Collection Strategy	68
3.3 Methodology	69
3.4 Questionnaire Design	69
3.5 Sample Design	72
3.6 Additional Data Collection Information	73
3.6.1 Surveys	73
3.6.2 In-Depth Interview	79
3.6.3 Direct Observation of Operations	80
3.6.4 Secondary Data	81
3.7 Reliability of Questionnaire Measurment	82
3.7.1 Internal Reliability Test On The Employees' Questionnaire	84
3.7.2 Internal Reliability Test On The Customers' Questionnaire	86
3.8 Methods of Analysis	87
3.8.1 Computing The Gap Scores	88
3.8.2 Statistical Analysis	90

CHAPTER 4 : RESEARCH FINDINGS	92
4.1 Introduction		92
4.2 Profile of Customers		93
4.3 Profile of Employees		97
4.4 Customer Service Definitions		101
4.4.1 Employees' Definition of Customer Service		102
4.4.2 Comparison Between Employees' And Customers' Definition		106
4.5 Findings From Model		110
4.5.1 Pre - Transaction Phase		110
4.5.2 Transaction Phase		168
4.5.3 Post - Transaction Phase		181
4.6 Comparison of Previous Studies With The Current Research		203
CHAPTER 5 : SUMMARY AND IMPLICATIONS OF THE STUDY		208
5.1 Introduction		208
5.2 Research Implications		208
5.2.1 Theoretical Implications		208
5.2.2 Managerial Implications		210
5.3 Limitatins of the Research		213
5.4 Directions for future Research		214
REFERENCES	216

APPENDICES

	Page
APPENDIX 1.1 : The Organization and Management of The Pilgrims Management and Fund, Board Malaysia.	238
APPENDIX 3.1 : Introductory Letter to Employees	272
APPENDIX 3.2 : Employees' Questionnaire	273
APPENDIX 3.3 : Introductory Letter To Customer	305
APPENDIX 3.4 : Customers' Questionnaire	306
APPENDIX 3.5 : Computation of Customers' Expectation	350
Appendix 3.6 : Computation of Customers' Perception	351
Appendix 3.7 : Computation of Employees' Perception	352
Appendix 3.8 : Interview Notes With General Manager of Luth	353
Appendix 4.1 : Financial Highlights	363
Appendix 4.2 : Corporate Data	364
Appendix 4.3 : The Pilgrims Management and Fund Board Malaysia - The Organizational Structure	365
Appendix 4.4 : Luth's Investment Advisory Board	366

TABLES

Table 2.1 : Typical Definitions of Customer Service	21
Table 3.1 : Customer Respondents' Breakdown	74
Table 3.2 : Breakdown of Employee Respondents	77
Table 3.3 : Distribution of Employee Respondents By Department and Position	78
Table 3.4 : Reliability Test of Organizational Climate	84
Table 3.5 : Reliability Test of Organizational Offer	84
Table 3.6 : Reliability Test on Employees' Perception	85
Table 3.7 : Reliability Test on Employees' Evaluation	85
Table 3.8 : Reliability Test On Customers' Personality.	86
Table 3.9 : Reliability Test on Customers' Expectation	86
Table 3.10: Reliability Test on Customers' Perception	86
Table 3.11: Reliability Test on Customers' Evaluation	87
Table 4.1 : Customers' Gender	93
Table 4.2 : Customers' Marital Status	93
Table 4.3 : Respondents Dwelling Area	94
Table 4.4 : Customers' Education Level By Dwelling Area	95
Table 4.5 : Customers' Income By Dwelling Area	95
Table 4.6 : Employees' Gender	97
Table 4.7 : Employee's Marital Status	98

Table 4.8 : Distribution of Employees By Department	98
Table 4.9 : Employee's Educational Level	99
Table 4.10: Number of Years Working With Luth	99
Table 4.11: Employees' Position in the organization	100
Table 4.12: Employee's Salary Level	100
Table 4.13: Distinction Between Customer Service and Sales Effort	102
Table 4.14: Employee's Awareness level of customer service - by position	103
Table 4.15: Employee's View of Customer Service	104
Table 4.16: Employee's Definition of Customer Service	106
Table 4.17: Customers' Definition of Customer Service	109
Table 4.18: Summary results of hypothesis testing - the significance of personality types with customers' expectation of customer service delivery.	114
Table 4.19: Summary results of hypothesis testing - the significance of values on customers' expectation of customer service delivery.	117
Table 4.20: Summary results of hypothesis testing - the significance difference between customers' expectations and the managements' perception of expectation on the factor of understanding of the customer by company staff	119
Table 4.21: Summary results of hypothesis testing - the significance of demographics on customers' expectation of customer service delivery.	121

Table 4.22: Summary results of hypothesis testing - the significance of customers' expectation of customer service delivery based on dwelling area delivery.	122
Table 4.23: Customers' customer service expectation by dimensions based upon dwelling area	123
Table 4.24: Summary results of hypothesis testing - the significance of media exposure to customer' expectation of customer service delivery.	127
Table 4.25: Summary results of hypothesis testing - the significance of customers' expectation of customer service delivery based upon their perception on the need for competition.	129
Table 4.26: Summary results of hypothesis testing - the significance of difference in employees' perception based upon their perception of organizational climate.	134
Table 4.27: Correlation of organizational climate.	136
Table 4.28: Summary results of hypothesis testing - the significance of individual differences upon employees' perception of customer service.	138
Table 4.29: Summary results of hypothesis testing - there is a significant difference in employees' perception of customer service based on educational level.	139
Table 4.30: The significance of employees' educational level on awareness of the customer service policy.	140
Table 4.31: Summary results of hypothesis testing - the significance of position on customer service delivery.	141

Table 4.32: Summary results of hypothesis testing - the significance of salary level on employees' perception of customer service delivery.	142
Table 4.33: The significance of organizational offer on employees' perception of customer delivery.	144
Table 4.34: Results of Multiple Regression On Employees' Percption.	146
Table 4.35: Summary results of hypothesis testing - the significance of difference on customers' expectation of customer service delivery based upon their perception on the effect of monopoly on this service.	147
Table 4.36: Customers' and Employees' Perception of Promotion.	149
Table 4.37: Summary results of hypothesis testing - (Gap A) : There is a significant difference Between Customers' Expectations and Employees' Perception of Customers' expectation.	151
Table 4.38 (a) : Employees' Priority.	164
Table 4.38 (b) : Customers' Priority.	165
Table 4.39: Summary Results of hypothesis testing : There is a significant difference between employees' and customers' perception on customer service delivery during transaction.	172
Table 4.40: Summary Results of hypothesis testing : There is a significant difference between employees' and customers' evaluation of the quality of customer service after transaction.	182
Table 4.41: A Test on Employees Meeting Customers' Requirement.	185
Table 4.42: Test on Integration/ Cooperation	189

Table 4.43: Summary hypothesis : There is a significant difference between customers' expected service and their perception of actual service delivered.	192
Table 4.44: Gap D by Dimensions.	197
Table 4.45: Results of Multiple Regression on Customers' Dissatisfaction.	200
Table 4.46: Comparison of Current Reserach with previous studies.	203

FIGURES

Figure 2.1 : Gronroos's Service Quality Model	35
Figure 2.2 : Parasuraman, Zeithaml and Berry's Service Quality Model	36
Figure 2.3 : "Gap Concept" Through Phases of Transaction	43
Figure 2.4 : Pre - Transaction Phase	58
Figure 2.5 : Transaction Phase	62
Figure 2.6 : Post-transaction Phase	65
Figure 2.7 : Proposed Customer Service Model For The Pilgrims Management and Fund Board Malaysia.	67
Figure 4.1 : Comparison of customers' expectation and employees' perception of customers' expectation.	152
Figure 4.2 : Comparison of priority on customer service between employees and customers.	166
Figure 4.3 : Comparison of perception on customer service delivery between employees and customers.	173
Figure 4.4 : Comparison of quality evaluation between employees and customers.	183
Figure 4.5 : Comparison Between Customers' expectation and their perception of customer service delivered.	198

CHAPTER 1

OVERVIEW OF THE RESEARCH PROJECT

1.1 Introduction :

Business entities are today operating in a very volatile and competitive environment. To survive, businessmen have realized that in varying degrees they need to attempt to satisfy customer needs and wants through a set of activities known collectively as "customer service". Customer service is all about attracting, retaining and enhancing customer relationships¹. Enhancing customer relationships is evident by the research from USA which showed that for every 4 customers who complain, there are 96 other dissatisfied customers who won't complain, most of whom won't do business again. Very often, however, those dissatisfied customers will on the average tell 13 other people about their experience² .

Throughout many types of industry, and especially those that are highly competitive, it is increasingly being recognised that, after all other terms of trade have been tried and exhausted, it will be customer service considerations which will determine who in the end gets the order.

¹ Sparks, L., (1992), "Customer Service in Retailing - the Next Leap Forward ?" The Service Industries Journal, Vol. 12, No. 2 (April), pp. 165 - 184.

² TARP Report For The US Office of Consumer Affairs (1990).

The study by Christopher, Schary and Skjott-Larsen³, also found that customer service is a very important strategic weapon in the struggle to attain and maintain market position. Numerous articles and research studies have highlighted the importance of customer service as a component of the marketing mix (Cunningham and Roberts 1974; Shycon and Sprague 1975; Perreault and Russ 1976; Zinszer 1976; Uhr, Houck, and Rogers 1981; Ozmet and Chard 1986; Sterling and Lambert 1987; La Londe, Cooper, and Noordewier 1988; Pisharodi and Langley 1991).

Customer service has become important because firms have found it difficult to differentiate their offer from competitors. In an increasing number of markets, differentiation merely by design, product quality and packaging has become difficult to achieve. With changing customer expectations, competitors are seeing customer service as a competitive weapon with which to differentiate their sale⁴. In relation to the above argument Berry and Parasuraman⁵ have stated that :

³ Christopher, M., Schary, P.P and Skjott-Larsen, T., (1969), "Customer Service and Distribution Strategy," Associated Press.

⁴ La Londe B.J, Cooper M.C and Noordewier T.G (1988), "Customer Service : A Management Perspective", Councils of Logistics Management.

⁵ Berry, L.L and Parasuraman, A., (1991), "Marketing Services : Competing Through Quality," The Free Press : New York.

Service quality is the foundation for services marketing because the core product being marketed is a performance. The performance is the product; the performance is what customers buy. A strong service concept gives companies the opportunity to compete for customers; a strong performance of service concept builds competitiveness by earning customers' confidence and reinforcing branding, advertising, selling, and pricing.

The above contention is supported by Peters⁶ who points out that customers, even those buying hard goods, are concerned with far more than just the technical specification, and that in the long term perceptions of care and responsiveness are even more important than the tangible components of products. Similarly, Juran⁷ observed that :

"the user is only interested in services, even though he may seem to buy the product".

In terms of having customers, research shows that service quality (Bitner 1990; Boulding et al. 1993), relationship quality (Crosby, Evans and Cowles 1990; Crosby and Stephens 1987), and overall service satisfaction⁸ can improve customers' intentions to stay with a firm.

⁶ Peters, T., (1988) "Thriving on Chaos", Macmillan, New York, NY.

⁷ Juran, J.M, (1974), "Quality Control Handbook" 3rd. ed. McGraw-Hill, New York, NY.

⁸ Cronin, Joseph J., Jr. and Steven A. Taylor, (1992), "Measuring Service Quality : A Reexamination and Extension," Journal of Marketing, 56 (July), pp. 55-68.

In the service sector, the shift to a focus on customer service has been increasingly apparent. It is essential for the competitive survival of service businesses, just as it has become essential in manufacturing⁹. Customer service appears to be a prerequisite for businesses to succeed in the more mature and fiercely competitive market of the 1990's and beyond.

In services marketing, the focus from transactions to relationships is underway¹⁰. Much of the recent research on consumer evaluations has focused on applications to services marketing as researchers attempt to examine questions such as the conceptual relationship between customer satisfaction and service quality (Bitner and Hubbert 1993; Iacobucci, Grayson, and Ostrom 1994; Oliver 1993; Oliver and DeSarbo 1988; Parasuraman, Zeithaml, and Berry 1994).

Customer service represents an important marketing tool that relates to the identification and management of the "moment of truth"¹¹ , when customers come into contact

⁹ Heskett James L., Thomas O. Jones, Bary Loveman, W. Earl Sasser, Jr. and Leonard Schlesinger, (1994), "Putting The Service-Profit Chain To Work," Harvard Business Review (Mac/April), pp. 164 - 172.

¹⁰ Berry, L., (1983), "Relationship Marketing," in Emerging Perspectives on Services Marketing, Leonard L. Berry, Lynn G. Shostack and Gregory D. Upah, eds. Chicago : American Marketing Association, pp. 25 - 28.

Gunnarsson, E., (1993), "Relationship Marketing : From 4Ps to 30Rs.," Stockholm : Stockholm University.

¹¹ Normann, R. (1984), "Service Management : Strategy and Leadership in Service Business," Wiley, Chichester.

with the organization and form their impressions of its service quality. This term underlines the uniqueness and the importance of every encounter between the customer and the service provider¹². Although some observers have suggested that this trend is "fashionable"¹³, theoretical and empirical evidence shows that firms that provide higher levels of service reap higher profits than those that do not¹⁴.

Foster et al.¹⁵ states that poor customer service quality can detrimentally affect organizational performance in several ways :

Poor service quality is costly. Waste, rework, duplication of effort, and the need for double-checking and monitoring of work can add between 15 % and 50 % of the total cost of service. Much of that cost is avoidable and unnecessary.

Poor service quality affects the organization's image. Firms with poor images usually fail to recruit and retain the most able and skilled workers.

¹² Mattsson, J., (1994), "Improving Service Quality in Person-to-Person Encounters: Integrating Findings from a Multi-disciplinary Review," The Service Industries Journal, Vol. 14 (January), pp. 45 - 61.

¹³ Coyne K.(1989), "Beyond Service Fads - Meaningful Strategies for the Real World," Sloan Management Review 30 (Summer) , pp 69 - 76.

¹⁴ Jacobson, Robert and David A. Aaker (1987), "The Strategic Role of Product Quality", Journal of Marketing, 51 (October) pp 31 -44.

¹⁵ Foster, M., Whittle, S. and Smith, S., (1989), "A Total-Quality Approach To Customer Service," Training & Development Journal, December.

The above argument on the importance of employees in customer service delivery is supported by Berry¹⁶, whom he considered as internal customers. The necessity of a high level of contact between its customers and service employees warrants a delicate role to be played and extremely cautious behaviour to be exhibited by its employees in determining the success of its customer service programmes.

Despite suggestions of a relationship between high-quality service and overall company performance¹⁷, managers remain sceptical of the need for comprehensive efforts to manage and measure customer service. Major obstacles to effective service management have been identified by a number of observers¹⁸.

¹⁶ Berry, L.L., (1981), "The Employees as Customer" Journal of Retail Banking, Vol. 3, No. 1, pp. 33 - 40.

¹⁷ Germain, R., and Cooper, M.B (1990), "How a Customer Mission Statement Affects Company Performance," Industrial Marketing Management, 19 (February), pp. 47 - 54.

¹⁸ LaLonde, B.J., and Zinszer, P.W., (1976), "Customer Service : Meaning and Measurement," National Councils of Physical Distribution, Chicago.

Lambert, D.A., and Lewis, C., (1983), "Managing Customer Service to Build Market Share and Increase Profit," Business Quarterly, 48 (Fall), pp. 50-57.

Cohen, M.A., and Lee, M.L. (1990), "Out of Touch With Communication Needs: Spare Parts and After Sales Service," Sloan Management Review 31 (winter), pp. 55-56.

1.2 Managing The Customer Service Function :

Managing an ongoing customer service programmes presents a unique challenge. One of the most fundamental problems concerns a lack of commitment to the customer service function on the part of senior management. Customer service failed in many organizations because managers often neglected it¹⁹.

Kilford²⁰ has stated that commitment to customer service is required throughout the firm. Total management support was one the main factors that contributed to employees commitment to customer service philosophy.

Longenecker and Scazzero²¹ have revealed the top ten reasons which managers cited as being factors which inhibited them in the practice of customer service :

- (1) Lack of top management commitment.
- (2) Too many changes too quickly.
- (3) Pressure for immediate results.
- (4) Too much negative feedback / lack of positive feedback.

¹⁹ Peel, M. and Pester, J., (1988), "How to achieve total customer satisfaction," Journal of General Management, Vol. 13. pp 136 - 137.

²⁰ Kilford, T.A., (1991), "Marketing Seminar - Excellent Customer Service," Durham University, Business School.

²¹ Longenecker, C.O and Scazzero, J.A, (1993), "Total Quality Management from Theory to Practice : A Case Study," International Journal of Quality & Reliability Management, Vol. 10, No.5, pp. 23 - 34.

- (5) Fear of being open / honest in confronting problems.
- (6) Little input from superiors in redefining duties / roles.
- (7) Subordinates unwilling to change attitude / behaviour.
- (8) Too much non-productive time on meetings and paperwork.
- (9) Problems not being fixed right the first time.
- (10) Management personnel not supporting each other.

Customer service is a difficult function because obstacles frequently arise in coordinating the efforts of different functional areas or departments toward common customer service goals²². These departments can have conflicting interests, and some of them may not fully recognise the ways in which they impact on the service function.

Another problem area concerns the establishment of service performance standards²³. It is not enough for managers to implement standards of performance. They must be willing to adapt their standards to changing market conditions. Acceptable service levels represent a moving

²² Masiello, T., (1988), "Developing Marketing Responsiveness Throughout Your Company", Industrial Marketing Management 17, pp. 85 - 93.

²³ Metz, C.K.C., (1990), "What Customers Really Want", Fortune (June 4), pp. 58 - 62.

target, as customer expectations are continually changing and usually increasing²⁴. These expectations can be influenced to some degree by the firm, but this process requires considerable skills and coordination in managing the firm's marketing and service delivery.

Finally, firms can fail to recognise that customer service is a means to an end and that the ultimate goal is a satisfied, profitable customer²⁵. The danger lies in focusing too much effort toward achieving a particular benchmark performance level on some service criterion, with little concern for the costs being incurred or the impact on customer purchase and/or repurchase behaviour. Especially where the companies have made progress in linking customer service to employee evaluation and reward systems, or have very accurate measures of service performance, there is a danger that employees will become preoccupied with the performance standard itself.

Customer service management in organizations is also dependent upon its organizational structure. A hierarchical and authoritarian structure appeared to curtail any development of customer service within a firm. An inflexible and structured culture stifled innovation and impeded the information flow that is

²⁴ Cunningham, M.T., and Roberts, D.A., (1974), "The Role of Customer Service in Industrial Marketing", European Journal of Marketing 8 (1), pp. 15 - 28.

²⁵ Goodman, S.A., and Marra, T., and Brigham, L., (1986), "Customer Service : Costly Nuisance or Low-Cost Profit Strategy?", Journal of Retail Banking, 8 (Fall), pp. 7 - 16

necessary to support the customer service function²⁶.

Foster et. al²⁷ further argued that in situations where customers are "captive" to a single service source, poor customer service often breeds discontentment, resulting in customers adopting negative and hostile attitudes to front-line service providers. The effect is devastating to staff morale and gives a vicious circle which deteriorates.

²⁶ Ibid.

²⁷ Ibid

1.3 Rationale of the study :

From a research point of view, the concept of customer service is an important area of study. A review of the literature indicates that there is a lack of studies undertaken in this field in the developing countries. Much of the published work on customer service is predominantly the experience of the western, capitalist and industrially developed countries.

As the newly industrialising countries make progress and begin to compete it would be valuable to test whether there is an understanding of customer service as defined in the literature and whether these concepts have validity and utility for the newly industrialising countries.

1.3.1 Why Customer Service in Malaysia ?

Nowhere is this more appropriate than Malaysia which has a demanding target of Vision 2020. Malaysia is a developing nation with fast economic growth. By the middle of 1994, Malaysia had experienced more than seven years of sustained rapid economic growth at the rate of 8.1 per cent per annum since coming out of the unprecedented recession in 1985 - 1986. This impressive achievement, has transformed Malaysia from being a low-income economy, relying on rubber and tin as its economic mainstay, to a nation that has diversified into the services and industrial sector.

Vision 2020 provides the national agenda for the attainment of the status of a fully developed nation by the year 2020, where Malaysia will experience a competitive, dynamic, robust and resilient economy. In it's efforts to achieve this objective, the services sector will have to undergo rapid changes in line with this industrial development. Services which function in support of industrial development namely; financial services, transport, storage, communications, consultancy and advertisements are likely to grow, both in their level of coverage as well as their degree of sophistication, with the increasing sophistication of the industrial sector.

In addition to the above trends, services such as retail trade, entertainment, travel and tourism, private health care and private education will also prosper in line with increasing income and standards of living. These services will have to move progressively to higher quality, higher value-added and sophisticated segments in line with the improvement in purchasing power and customers' expectation. This changing customers' expectation and growing sophistication have been the rationale of investigating the customer service perception in Malaysia.

The influence of the state has been very high traditionally with many monopoly situations and it would be interesting to test whether such a structure and history inhibits the growth of a critical attitude by consumers which seems to be at the heart of customer service in developed economies.

As the demand for services will grow alongside industrialization, Malaysia could probably for a time buy these outside but eventually it will make sense for Malaysia to develop service industries for itself. An understanding of customer service in service industries will therefore be important to Malaysia.

Ambitions in industrial development will require customers to consume more. As they do this their standard of living rises but they must derive satisfaction from their consumption. As Malaysia gets bigger, more diversified, more competitive, creating better customer satisfaction than the competitor will become an essential skill for Malaysian Managers. It is important here to see where we are in terms of the Malaysian attitude to and performance in customer service and if the western experience is applicable to Malaysia.

1.3.2 Why a Public Sector Organization ?

The success of the Privatisation Policy²⁸ has brought about a new scenario into service quality management in the Malaysia public sector. It is an intended objective of this research to study the general perception of customer service delivery among managers and customers in a public sector organization in Malaysia. This work should aid managements of public sector organizations to raise their standards of customer service delivery. If they remain in the public sector the organizations' reputation will be enhanced. If they are subsequently privatised the transition will be easier.

1.3.3 Why The Pilgrims Management and Fund Board of Malaysia ?

In contrast to the previous research, this study will be carried out on an organization which has a religious significance and is characterized as operating in a monopolistic situation where customers are "captive" to a single service source.

The service this organization provides i.e pilgrimage to Mecca, is unique because it differs from other conventional institutions which have been reported in the literature, namely : banking, insurance, retail, credit-card, product-repair and securities brokerage. It would

²⁸ The adoption of the privatisation policy in 1983 is based on the premise that the transfer of activities and functions which have traditionally rested with the public sector to the private sector will bring positive changes in the organization, management and performance of public enterprises.

be interesting to note whether managers and customers in organizations of this nature would exhibit similarities or differences in their understanding of customer service as compared with those from secular organizations.

Incorporated in 1962, the Pilgrims Management and Fund Board, (alternatively known as Luth - see appendix 1.1 for detailed description), is a manifestation of the government's concern over the welfare of its Muslim populace in relation to their pilgrimage to the Holy Land, Mecca. The journey would mean a lifetime savings to some, with lots of sacrifices and hardships.

The economic plight of Muslims in general and particularly after performing the Hajj was very distressing and had adverse implications on the economic development and national growth. Thus, the Pilgrims Management and Fund Board was established not only with the aim of rectifying the socio-economic problems but also to provide services that enable Muslims to invest and effectively participate in the nation's economic activities; while at the same time enabling them to perform their religious obligation.

Today, this organization not only serves as a specialized institution catering for the needs of Muslims performing the Haj, but it is also responsible for investing the savings of its depositors in various economic activities

which include commercial, industrial, housing development and plantations. This role has caused this organization to emerge as a strong financial institution in Malaysia.

This diversification programme has been alleged by some quarters to have heavily taxed its quality of service to its main business portfolio, i.e provision of services of pilgrimage to Mecca. This strategic business unit is still considered by the management of Luth as the "cash cow"²⁹ in its portfolio.

This service is an interesting area of study because the product entails a number of diversified components namely ; management of savings and accounts, training, transportation and logistics and the provision of medical services. But since this is an exploratory study, the usage of the term "customer service" in this thesis would refer to the general service quality delivery without any specific reference to any of these specific activities identified above. In other words, it refers to the aggregate perception of customers and managers to the entire spectrum of service of pilgrimage to Mecca.

Apart from its diversified component, the service also involves a complex transaction and it is multi-contact in

²⁹ Businesses with a high market share in a low growth are called "cash cow" by the Boston Consultant Group because their entrenched position tends to yield substantial cash surpluses over and above what is needed for reinvestment and growth in the business. Cash cows, are a valuable corporate portfolio holding because they can be "milked" for the cash to pay corporate dividends and corporate overhead, they provide debt capacity, and they provide cash flow to support investment.

nature. This diversity of services calls for inter-departmental co-operation. It also needs company-wide alignment of purpose towards fulfilling customer needs and requirements because the transaction spreads over time.

Some informed opinion holds that in terms of operation, the Pilgrims Management and Fund Board needs to re-examine and re-assess its quality of customer service delivery. In his speech at a dinner held in conjunction with "the 30 Years" establishment of this organization, Dato' Sri Anuar Ibrahim, the Deputy Prime Minister of Malaysia has quoted the following ³⁰ :

....the statute governing the Pilgrims Management and Fund Board needs to be revised in order not only to allow the organization to participate in business activities abroad but also reorganise the entire organization in order to meet new challenges and the current market demand.

In the rural areas there is also alleged to be discontent towards the quality of service provided. Profits and a rigorous diversification programme are not direct indicators of quality service delivery because it has been operating in an almost monopolistic situation.

At the same time, its present day target market are more affluent than those it targeted 33 years ago. The New Economic Policy has created a new class of affluent Malay

³⁰ Berita Tabung Haji, Bil. 1/94, Januari/Februari 1994, pp. 1-8.

Muslim populace with different needs and expectations. Therefore, the organization needs changes to its operation in order to perform its service delivery process better.

A better customer service strategy could be of significant assistance in meeting the challenges of an ever growing market. The need to gear up to face the greater challenge of tomorrow has been emphasised by the New Chairman of the Pilgrims Management and Fund Board , Dato' Sulaiman Hashim. In his maiden speech as chairman at the Board's headquarters in Kuala Lumpur on Mac 1st 1993, he has been quoted as follows ³¹ :

The Pilgrims Management and Fund Board has to emphasise four important characteristics in order to meet challenges of the coming years, i.e team spirit, discipline, truthfulness, quality and productivity. These characteristics are essential in view of challenges from the competition as well as to better facilitate its services to its customers.

³¹ Berita Tabung Haji, Bil. 1/93, Januari/Februari 1993, pp. 1- 8.

1.4 Organization of the chapters :

The chapters will be organized as follows :

Chapter 1 - Gives an overview of the customer service concept and the rationale of the study.

Chapter 2 - The literature review focuses on the conceptual development in explaining customer service perception.

Chapter 3 - Explains the research Methodology.

Chapter 4 - Presents the survey findings and analysis.

Chapter 5 - Summarises the study findings, implications and recommendations.

CHAPTER 2

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 INTRODUCTION :

The purpose of this chapter is to develop a sound, modern, academically-grounded model of the customer service function, appropriate to a monopoly public service enterprise in Malaysia which will serve to generate hypotheses which the research will test.

2.2 DEFINITIONS OF CUSTOMER SERVICE :

There is no agreement as to what is meant by the term "customer service." It is a multidimensional concept that has resisted a single definition. The concept is often defined by describing the activities which are considered most important in the interfaces between a company and its customers.

The earlier definitions of customer service tended to evolve around the concept of physical distribution and logistics. Some of the definitions of service relating to this particular perspective are shown in table 1.1. What all these definitions have in common is that they are concerned with relationships at the buyer/seller interface¹. La Londe and Zinszer² further summarised

¹ Christopher, M., (1983), "Creating Effective Policies for Customer Service," International Journal of Physical Distribution & Materials Management, Vol. 13, No. 2.

these definitions as the following :

"those activities that occur at the interface between the customer and the corporation which enhance or facilitate the sale and the use of corporation's product and services. It includes a process in moving a product from the end of the production line to the customer."

Table 2.1 : Typical Definitions of Customer Service

"All the activities required to accept, process, deliver and follow up on any activity that erred".
"Timeliness and reliability of getting materials to customers in accordance with the customer's expectation".
"A Complex of activities involving all areas which combine to deliver and invoice the company's products in a fashion that is perceived as satisfactory by the customer and which advance our company's objectives".
"Total order entry, all communications with customers, all shipping, all freight, all invoicing and total control of repair of products".
"Timely and accurate delivery of products ordered by customers with accurate follow-up and inquiry response, including timely delivery of invoice".

Source : La Londe & Zinszer as quoted in Christopher M., (1983), "Creating Effective Policies for Customer Service," International Journal of Physical Distribution & Materials Management, Vol. 13, Number 2, pp. 4.

² La Londe B.J and Zinszer P.H (1976), "Customer Service Meaning and Measurement," National Council Of Physical Distribution Management, Chicago.

Christopher³, in an earlier definition has viewed customer service as :

"a system organised to provide a continuing link between the time that the order is placed and the goods are received with the objective of satisfying customer needs on a long term basis".

This definition is general in scope and emphasises the long term relationships between supplier and customer⁴. As with that of La Londe and Zinszer this definition suggests that the term customer service relates principally to the role of physical distribution.

Kotler⁵ says that customer service is another element of product strategy and suggests its importance will be dependent on which of the following four categories the product falls under :

- (a) A pure tangible good.
- (b) A tangible good with accompanying services. Services are frequently included to enhance its consumer appeal.
- (c) A major service with accompanying minor good and services.
- (d) A pure service.

³ Christopher M., Schary P.P and Skjott-Larsen T. (1979), "Customer Service and Distribution Strategy," Associated Business Press.

⁴ Ibid.

⁵ Kotler P. (1984), "Marketing Management : Analysis, Planning and Control," 5th. Edition, Prentice Hall pp. 492 - 493.

An American writer, Frances Gaither Tucker⁶ has defined customer service as :

"all activities which bind a corporation to its customers."

This definition emphasises that acceptable or successful customer service consists of a range of activities that together establish a satisfying relationship, which will, according to Tucker, include :

1. The activities involved in ensuring that a product or service is delivered to the customer on time and in correct quantities.
2. The interpersonal working relationships between the staff of a supplier and a customer.
3. The provision of after-sales repair and maintenance facilities.
4. The department of an organization which handles customer complaints.
5. The order-taking department of an organization.

⁶ Frances Gaither Tucker (1983), "Creative Customer Service Management", International Journal of Physical Distribution Vol. 13, No.3.

Lovelock⁷ having recognised the importance of front-office interactions to customer satisfaction defined customer service as :

"a task other than proactive selling, that involves interactions with customers in person, by telecommunication, or by mail. It is designed with two goals in mind : operational efficiency and customer satisfaction".

The above definition concurs with that of Christopher et al.⁸ who argued that :

Customer service and total (company-wide) quality takes place in the context of competitive marketing strategy. Historically, customer service has been seen from a somewhat narrow perspective. The narrow perspective suggests that the primary role of customer service is concerned with getting the right product to the right place at the right time and the focus was primarily from a distribution and logistics point of view. However, a new vision of customer service has started to emerge. This view of customer service places it in a much broader context as a multi-dimensional issue with an impact on relationships with specific target groups across a broad range of a company's activities.

⁷ Christopher H. Lovelock (1983) , "Classifying Services To Gain Strategic Marketing Insights," Journal of Marketing, (Summer), pp. 9 -20.

⁸ Christopher M., Payne A. and Ballantyne D. (1991), "Relationship Marketing : Bringing quality, customer service and marketing together", Butterworth-Heinemann Ltd., London.

For the purpose of this thesis, the term "customer service" will stand for :

"all activities which bind a corporation to its customers which are designed with two goals in mind, i.e operational effectiveness and customer satisfaction."

The goal orientated nature of this definition concurs with that of Peet and Broekhuis⁹. The quality of an organization's products, services and other outputs is determined by satisfaction of the customers who use them and results from effectiveness and efficiency of the processes that create and support them.

⁹ Peet H.P Ritsema van Eck-van and Broekhuis, (1992), "Problems of Quality Management in the Professional Services," International Journal of Quality & Reliability Management, Vo. 9 No. 7, pp. 23-36.

2.3 : SERVICE QUALITY CONCEPT

Service quality is frequently recognised as a viable marketing strategy for firms to use in achieving customer value, service differentiation, and customer satisfaction¹⁰. Mattson suggests that the service quality delivered by an organization is determined by the quality inherent in the organization itself¹¹.

Quality encompasses both substance and image, as Perry L. Johnson has defined¹² :

"Quality encompasses every aspect of your firm and is actually an emotional experience for the customer. Customers want to feel good about their purchase, to feel that they have got the best value. They want to know their money has been well spent, and they take pride in their association with a company with a high quality image".

Stephen Uselac¹³ has further reinforced this concept by stating that :

"Quality is not only products and services but also includes processes, environment and people".

¹⁰ Levitt, Theodore, (1981), " Marketing Intangible Products and Product Intangibles", Harvard Business Review 59 (May - June) pp. 94 - 102.

¹¹ Mattsson, J. (1994), "Improving Service Quality in Person-to-Person Encounters : Integrating Findings from Multi-disciplinary Review", The Service Industries Journal, Vol. 14, No. 1 (January), pp. 45 - 61.

¹² Perry L. Johnson, (1991), "Total Quality Management", (Southfield, Michigan) : Perry Johnson Inc.

¹³ Stephen Uselac, (1993), "Zen Leadership : The Human Side of Total Quality Team Management" Londonville, Ohio : Mohican Publishing Company), pp. 20.

The world-wide quality standard, ISO 9004 further elaborated the concept of quality improvement. The definition given is as follows :

"Actions taken throughout the organization to increase the effectiveness and efficiency of activities and processes to provide added benefits to both the organization and its customer."

From the definition of customer service and the above argument on quality it can be concluded that customer service and quality are two concepts which should be firmly embedded together to evaluate customers' satisfaction of service offerings.

Parasuraman, Zeithaml, and Berry¹⁴ proposed that customer perceptions of service quality are a function of the difference between the service expected and customer perceptions of the actual service delivered. This proposition concurs with an earlier statement by Lewis and Booms¹⁵ which said :

Service quality is a measure of how well the service level delivered matches customer expectations.
Delivering quality service means conforming to customer expectations on a consistent basis.

¹⁴ A. Parasuraman, Valerie A. Zeithaml, & Leonard L. Berry, (1985), "A Conceptual Model of Service Quality and Its Implications for Future Research," Journal of Marketing, Vol. 49, pp. 41 - 50.

¹⁵ Lewis, Robert C. and Bernard H. Booms (1983), "The Marketing Aspects of Service Quality," in Emerging Perspectives on Services Marketing, L. Berry, G. Shostack, and G. Upsh, eds., Chicago : American Marketing, 99 - 107.

2.4 DIMENSIONS OF CUSTOMER SERVICE :

In the evaluation of the process of service delivery (customer service), there are different views with regard to the dimensions of quality. Sasser, Olsen, and Wyckoff¹⁶ have argued that there are three different dimensions of service performance : levels of materials, facilities, and personnel. What can be deduced here is that service quality involves more than outcome; it also pertains to the manner of service delivery.

Parasuraman, Zeithaml and Berry ¹⁷ quoted Lehtinen and Lehtinen ¹⁸ as :

The basic premise is that service quality is produced in the interaction between a customer and elements in the service organization. They use three quality dimensions : physical quality, which includes the physical aspects of service ; corporate quality, which involves company's image or profile; and interactive quality, which derives from the interaction between contact personnel and customers as well between customers and other customers.

¹⁶ Sasser, W. Earl, Jr., R. Paul Olsen and D. Daryl Wyckoff (1978), "Management of Service Operations : Text and Cases", Boston : Allyn & Bacon.

¹⁷ Ibid.

¹⁸ Lehtinen, Volevi and Jarmo R. Lehtinen (1982), "Service Quality : A Study of Quality Dimensions," unpublished working paper, Helsinki : Service Management Institute, Finland.

Le Blanc and Nguyen¹⁹ have supported this proposition and identified three different perspectives to customer service, these are :

1. Quality may be implied through the tangible elements of service, largely the physical environment.

2. Quality can be perceived through contact personnel, their attitudes and behaviour.

3. Perceived quality may be derived from the service encounter or the actual process of buying the service.

Gronroos²⁰ proposed two types of service quality : technical and functional. Technical quality involves what the service employee provides during the service provision process, such as technical ability and service knowledge. Functional quality refers to how the service is provided by the service employee. Examples of functional quality include the appearance and friendliness of the service employee.

¹⁹ LeBlanc, G. and Nguyen, N. (1988), "Customers' Perception of Service Quality in Financial Institutions", *International Journal of Bank Marketing*, Vol. 6 No.4, pp. 7 - 18 .

²⁰ Gronroos, C., (1984), "A Service Quality Model and Its Marketing Implications", *European Journal of Marketing*, Vol. 18 No. 4, pp. 36 - 44.

The above discussion on customer service dimensions can be portrayed into four basic dimensions, namely : physical, corporate, process and functional. But this categorization seems somewhat restrictive. For the purposes of this study based upon the above categorization, the dimensions are further refined along these lines :

(1) Customer service policy : a policy exists and employees are aware.

(2) Organizational factors :

- Credibility : image of company
- Reliability : involves consistency of performance and dependability.
- Security : physical safety, confidentiality
- Access : approachability, ease of contact, location of service.

(3) Promotion and advertisement : Its effect.

- what is the implied offer perceived by the prospect.

(4) Understanding of the customer by the company staff:

- Empathy : caring, individualised attention which the firm provides to its customers.

(5) Interpersonal skill: Employees' Effect On The Customer.

- responsiveness, courtesy, skill & competence.

(6) Tangibles and Physical Surroundings : Their quality.

(7) Communication : Effectiveness Between Management and Customers

(8) Value to be delivered to the customer.

(9) Effectiveness of logistics.

(10) Effectiveness of after sales service.

The above is based on earlier discussion but much more multi-faceted and detailed. It was developed through the process of brainstorming with the supervisor. Its importance and appropriateness as the dimensions of customer service delivery process at the Pilgrims Management and Fund Board, Malaysia was confirmed through discussions with senior managers of the organization.

2.5 CONCEPTUAL FRAMEWORK OF THE STUDY :

2.5.1 Introduction :

Unlike goods quality, which can be measured objectively by such indicators as durability and the number of defects, customer service in a service industry is an abstract and elusive construct because of the three unique features associated with the marketing of services ; intangibility, heterogeneity and inseparability²¹. It differs from product-based approaches to quality in that it is not easy to pre-specify all aspects of service quality.

In the absence of objective measures, an appropriate approach for assessing the quality of a service organization's customer service performance is to measure the consumer's perception²². In the services and marketing literature, perceptions are defined as consumers' belief concerning the service received. In precise terms, it is a measurement of service quality that focuses on the gap between what consumers feel organizations should offer versus their perceptions of what organizations actually provide²³. Accordingly,

²¹ Zeithaml V.A, Berry L.L and Parasuraman A., (1990), "Quality Service : Balancing Customer Perceptions and Expectations," New York : The Free Press.

²² Parasuraman, A., Leonard L. Berry and Valarie A. Zeithaml (1988), "SERVQUAL : A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality," Journal of Retailing, 64 (Spring), pp. 12 - 40.

²³ Berry, L.L., Zeithaml, V.A and Parasuraman A., (1990), "Five Imperatives for Improving Service Quality," Sloan Management Review, Vol. 29, Summer, pp. 29 - 38.

Christopher, Payne and Ballantyne²⁴ have reiterated that:

"The traditional production concept of conformance to specifications is giving way to a customer orientation of quality, i.e., perceived quality".

An understanding of the nature of service quality and how it is achieved in organizations has become a priority for research. Based upon Gronroos's²⁵ work (figure 2.1), Parasuraman et. al²⁶ have developed a service quality model (figure 2.2) indicating that a customer's quality perceptions are influenced by a series of four distinct gaps occurring in organizations. Gaps 1 through 4 are the shortfalls within the service provider's organization. These shortfalls lead to Gap 5, which represents the potential discrepancy between the expected and perceived service from the customers' point of view. These gaps (1 through 4) on the service provider's side, which can impede delivery of services that consumers perceive to be of high quality, are :

²⁴ Martin Christopher, Andrian Payne and David Ballantyne, (1991) , "Relationship Marketing - Bringing quality, customer service and marketing together," Butterworth- Heinemann Ltd, Oxford : London .

²⁵ Gronroos, C. (1988), "Service Quality : The Six Criteria of Good Perceived Quality," Review of Business, Vol. 9 No.3, Winter, pp. 10 - 13.

It is illustrated under this model that the customer is tolerant of negative experiences of the service if it has a positive image, until several cases of bad encounters have been experienced. Then the image deteriorates.

²⁶ Ibid

In this model, perceived service quality is defined as the difference between customer expectations and perceptions. Information for this model was collected from "in-depth interviews" with executives, and "focus group interviews" with customers. The survey sample represented four service categories : retail banking, credit card, securities brokerage and product repair and maintenance.

This model developed ten determinants of service quality, namely access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and understanding/knowing the customer. These ten service quality determinants were collapsed five dimensions, i.e tangibles, reliability, responsiveness, assurance and empathy.

Gap 1 : Difference between customers' expectations and management perceptions of customers' expectations.

Gap 2 : Difference between managements' perceptions of customer expectations and service quality specifications.

Gap 3 : Difference between service quality specifications and the service actually delivered.

Gap 4 : Difference between service delivery and what is communicated about the service to customers.

Zeithaml et. al²⁷ focusing on the provider's side of the gaps model indicated three conceptual factors that contribute to gap 1 (Difference between customer expectations and management perceptions of customer expectations). These factors are :

1. lack of marketing research orientation, evidenced by insufficient market research, inadequate use of research findings, and lack of interaction between management and customers.

²⁷ Zeithaml, V.A, Parasuraman, A. and Berry, L.L (1990), "Delivering Quality Service : Balancing Customer Perceptions and Expectations," The Free Press : New York .

Figure 2.1 : Gronroos's Service Quality Model

Source : Dotchin, J.A and Oakland, J.S, (1994), "Total Quality Management in Services, Part 2 : Services Quality," International Journal of Quality & Reliability Management, Vol. 11, No 3, pp. 27 - 42.

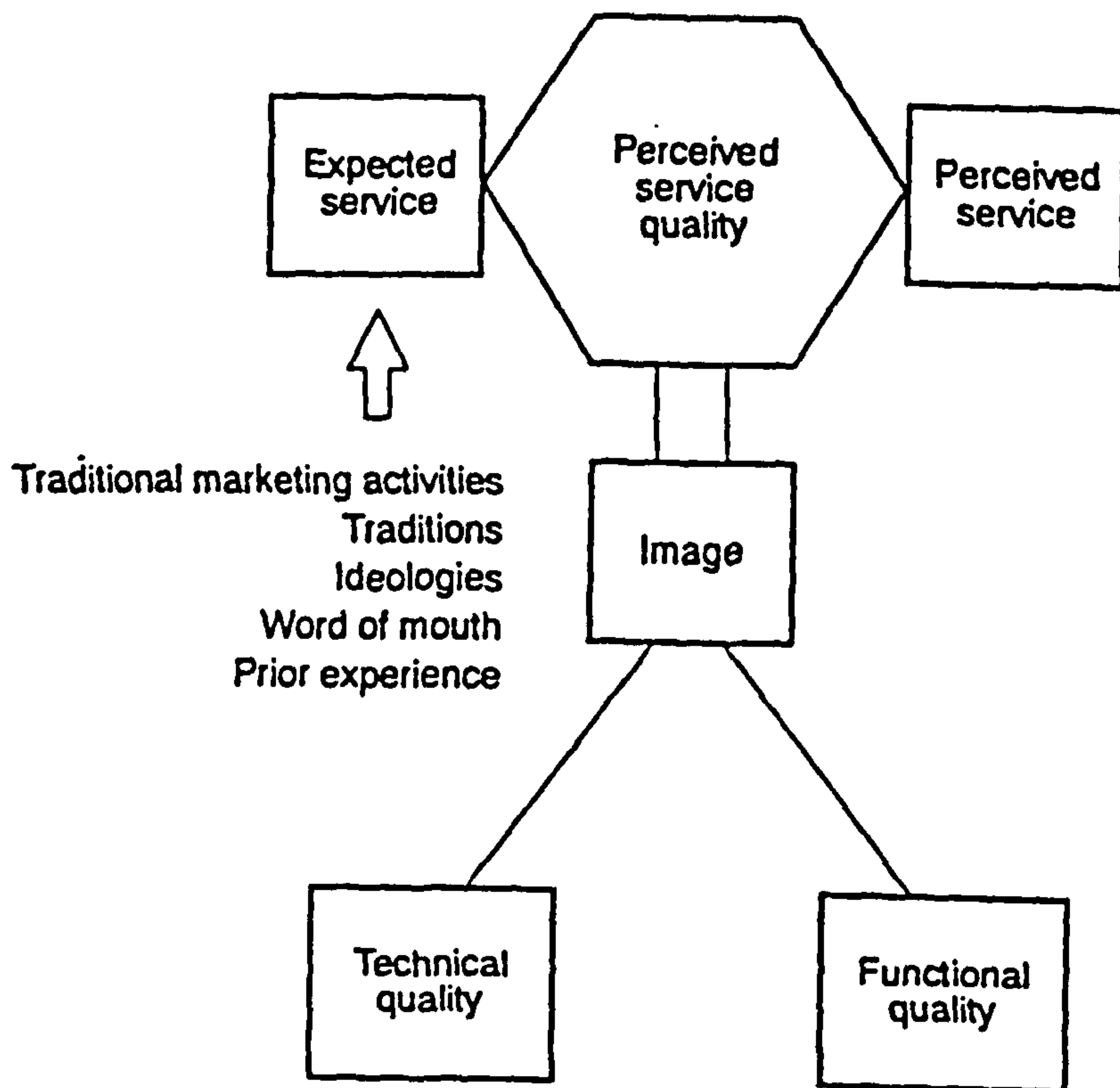
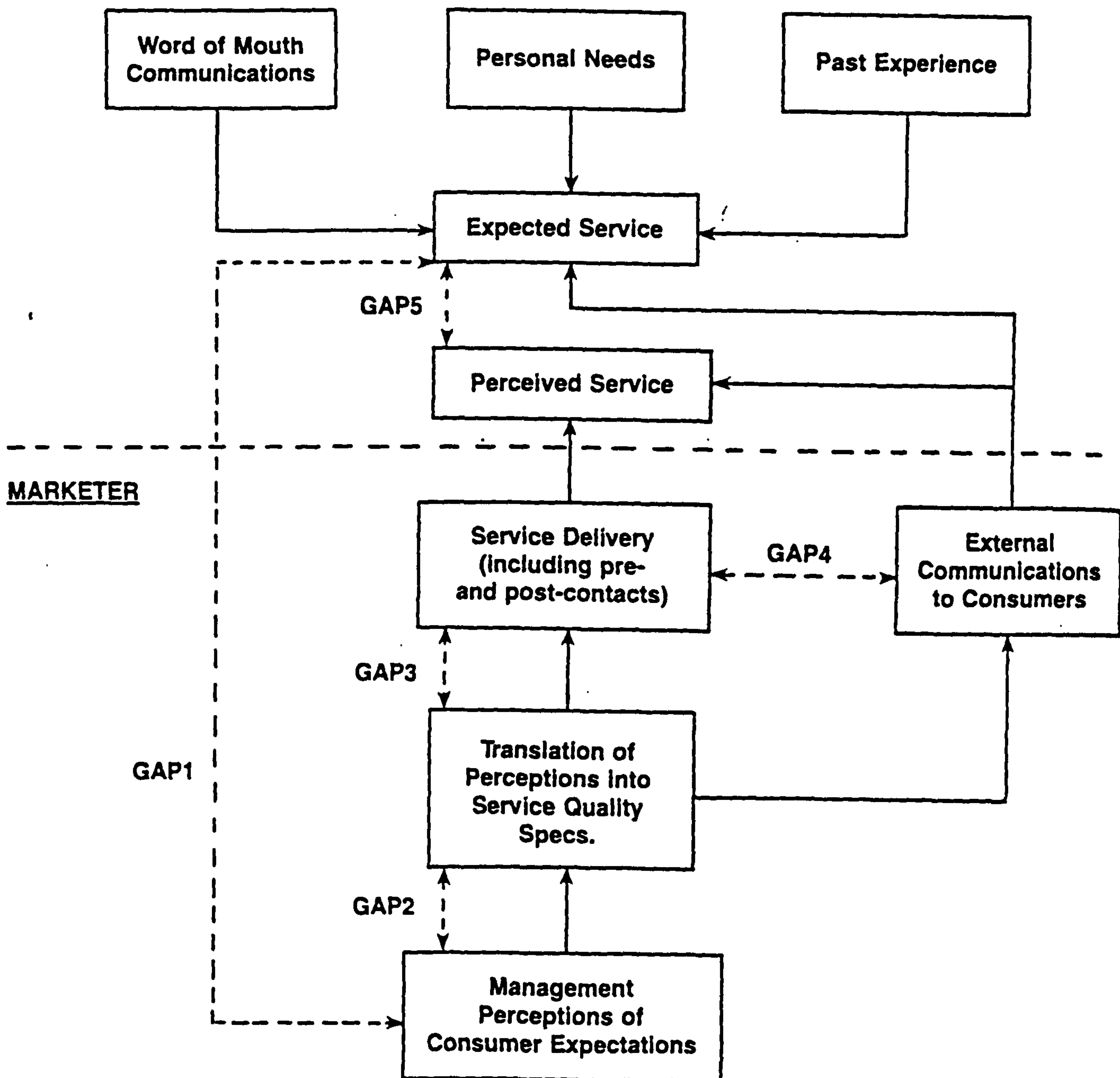


Figure 2.2 : Parasuraman, Zeithaml and Berry's Service Quality Model

Source : Zeithaml, V.A., Berry, L.L and Parasuraman, A., (1988), "Communication and Control Processes in the Delivery of Service Quality," Journal of Marketing, Vol 52 (April), pp. 36.

CONSUMER



2. inadequate upward communication from contact personnel to management.

3. too many levels of management separating contact personnel from top management.

Gap 2 (Difference between management perceptions of customer expectations and service quality specifications) is a wide gap in many companies, in their extensive research on gap constructs and measures, the group found four conceptual factors contributed to it :

1. inadequate commitment to service quality : extent to which management view service quality as a key strategic goal.

2. lack of perception of feasibility : extent to which managers believe that customers' expectations can be met.

3. inadequate task standardization : extent to which hard and soft technology²⁸ are used to standardize service tasks.

- Is automation used to achieve consistency in serving customers ?

- Are programs in place to improve operating procedures so that consistent service is provided ?

²⁸ . "Hard" aspects include systems, tools and techniques; "soft" aspects concerns attitudes and values.

4. absence of goal setting : extent to which service quality goals are based on customer standards and expectations rather than company standards.

- Is there a formal process for setting quality goals for employees ?
- Does the company have clear goals about what it wants to accomplish ?
- Does the company measure its performance in meeting its service quality goals ?
- Are service quality goals based on customer-oriented standards rather than company-oriented standards ?

Organizations offering services which are highly interactive, labour intensive, and performed in multiple locations are especially vulnerable to Gap 3 (Difference between service quality specifications and service actually delivered). Opportunities for mistakes and misunderstandings exist when service providers and customers interact : both customers and providers experience and respond to each other's mannerisms, attitudes, competencies, moods and language.

Service quality suffers when employees are unwilling or unable to perform service at the level required. In other cases, service providers may simply not have the ability to perform at a specified levels.

Zeithmal et. al²⁹ on focusing their research on the service provider's side of the gap model indicate that seven key conceptual factors contribute to gap 3, the service-performance gap :

1. role ambiguity : extent to which employees are uncertain about what managers or supervisors expect from them and how to satisfy those expectations.

2. role conflict : extent to which employees perceive that they cannot satisfy all the demands of all the individuals (internal and external customers) they must serve.

3. employee-job fit : The match between the skills of the employees and their jobs.

4. technology-job fit : the appropriateness of the tools and technology employees use to perform their jobs.

5. supervisory control systems : The appropriateness of the evaluation and reward systems in the company.

6. perceived control : extent to which employees perceive that they can act flexibly rather than by rote in problem situations encountered in providing services.

²⁹ Ibid.

7. teamwork : extent to which employees and managers pull together for a common goal.

The group also propose that the fourth major cause of low service-quality is the gap between what a firm promises about a service and what it actually delivers (Gap 4). Accurate and appropriate company communication is essential to delivering services that customers perceive as high in quality. Discrepancies between service delivery and external communications, in the form of exaggerated promises and/or the absence of information about service delivery aspects intended to serve customers well, can powerfully affect consumer's perception of service quality. Factors that contributed to this gap are follows:

1. Inadequate horizontal communications: extent to which communication occurs both within and between departments of a company.

2. propensity to overpromise : extent to which a company's external communications do not accurately reflect what customers receive in the service.

2.5.2 Evolution Of Proposed Model :

The above "gap" concept will be a main focus of the current research study. This will enable The Pilgrims Management and Fund Board (Luth) to identify a number of differences between the customers' requirement, or expectations, of a particular stage in the marketing and provision of the service, i.e the expectation formation, process and delivery stage.

The framework is designed to examine the perception of customer service in Malaysia held by both the managers and customers at the Pilgrims Management and Fund Board.

La Londe and Zinszer³⁰ suggested that customer service could be examined under three phases :

- (1) Pre - Transaction Phase
- (2) Transaction Phase
- (3) Post Transaction Phase

These three phases seem appropriate for the Pilgrims Management and Fund Board as the process of service delivery at this organization takes place over an extended period. There is a time frame from the pre-transaction phase, where customers form expectations, till the post-transaction phase where customers give their evaluation of the service delivery process. This

³⁰ Ibid.

will enable the researcher to identify a number of differences between customers' requirements, or expectations, of the particular dimensions of service identified and their perception of delivery over these phases. Thus, this will be our fundamental framework.

For the purposes of this study, the "gap" concept and the "phase" concept (see figure 2.3, p. 43) are incorporated into the following broad hypotheses which the study will test:

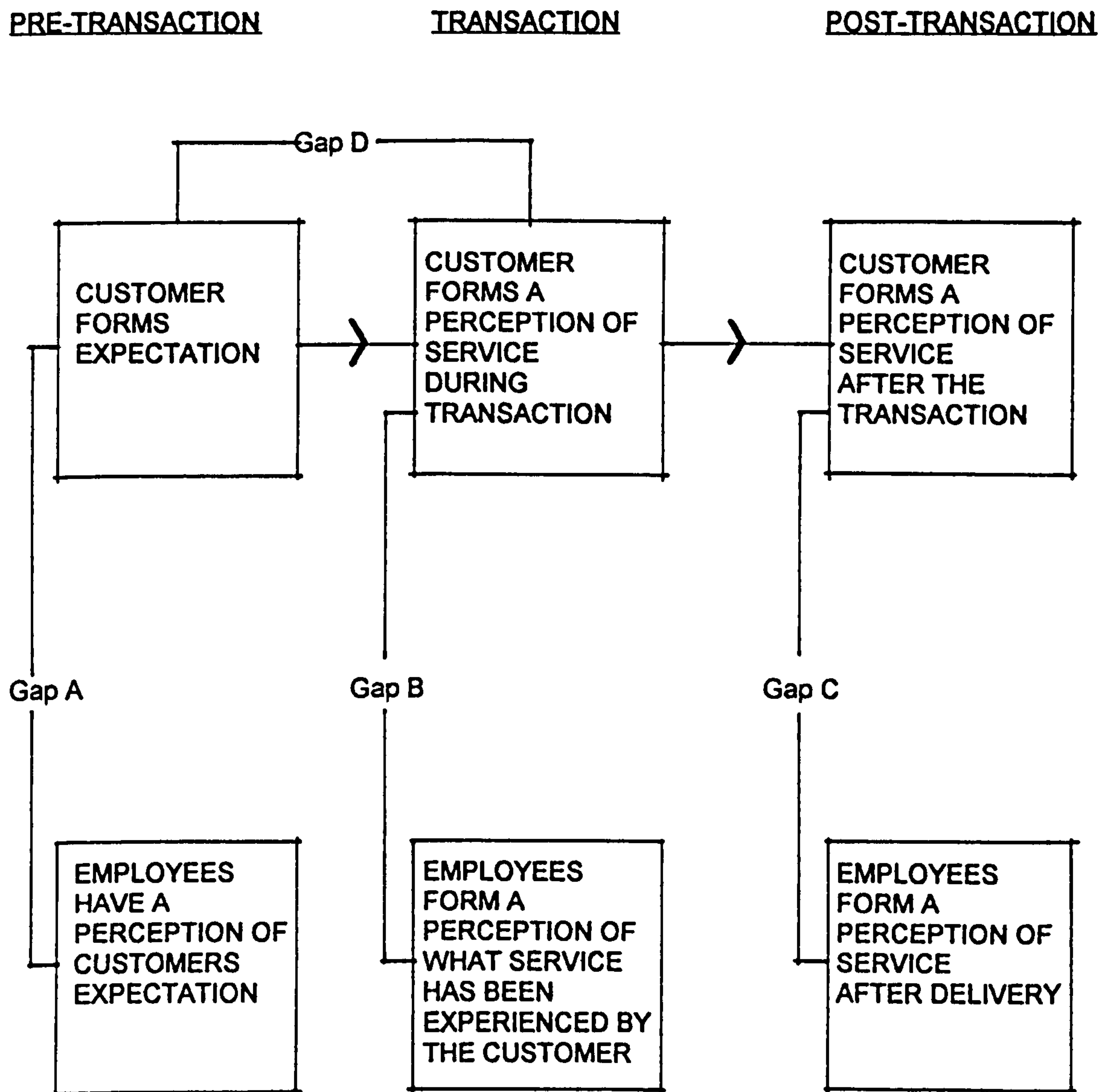
Gap A : There is a significant difference between customers' expectation and employees' perception of customers' expectation - Pre-transaction Phase.

Gap B : There is a significant difference between employees' and customers' perception on the customer service delivery process - Transaction Phase.

Gap C : There is a significant difference between the customers' and employees' perception of customer service delivered - Post-transaction Phase.

Gap D : There is a significant difference between customers' expectation and their perception of the customer service delivery process - Pre-transaction & Transaction Phase.

Figure 2.3 : "Gap Concept" Through Phases of Transaction



The significance of customer perceptions and expectations raises interesting issues relating to how these perceptions are formed. This could lead us away from an implied proposition that there is an ideal model of customer service to a more variable situation where expectation and perceptions in Malaysia may be strongly influenced by specific conditions in Malaysia such things as demographics, personality, values, experience, economic standing, the availability/non-availability of competitive suppliers and so on. This study will attempt to assess the part played by these factors.

In addition, the perception of service quality among practitioners is contingent upon the organizational culture. Schneider and Rentsch³¹ and Bowen et al.³² point to the importance of organizational climate and culture in developing and maintaining service quality.

³¹ Schneider, B. and Rentsch, J., (1988), "Managing Climate and Cultures : A Future Perspective," in Hage, J. (Ed.), Future Organizations, Lexington Books, MA.

³² Bowen, D.E., Siehl, C. and Schneider, B., (1989), "A Framework for Analysing Customer Service Orientations in Manufacturing," Academy of Management Review, Vol. 14, No. 1, pp. 75 - 95.

2.5.3 : Pre - Transaction Phase (Figure 2.4, p.58)

Customer expectations are critical to customer service success. Understanding customer expectations is a prerequisite for delivering superior service; customers compare perceptions with expectations when judging a firm's service³³.

The customers' expectations represent a norm against which performance is compared. Expectations are necessarily customer specific and it has been argued³⁴ that the appropriate standard for measurement is an experience-based norm which reflects the performance expected by customers to meet their particular needs and wants, but which is also constrained by what customers believe is possible.

To identify positively customers' expectation, an organization needs to create an information flow. According to Mills and Moberg³⁵ in all service transactions it is required that the customer provide resources to the service organization in the form of either information and/or effort.

³³ Parasuraman, A., Berry, L.L and Zeithaml, V.A,(1991), "Understanding Customer Expectations of Service" Sloan Management Review, 39, Spring.

³⁴ Cadotte, E.R., Woodruff, R.B. and Jenkins,(1987), J.L,"Expectations and Norms in Models of Consumer Satisfaction," Journal of Marketing Research, Vol. 24, August, pp. 303-14.

³⁵ Mills, Peter K., and Dennis J. Moberg (1982), "Perspectives on the Technology of Service Organizations," Academy of Management Review, 7 (3), pp. 467 - 478.

From the information flow, employees would know what they are trying to achieve. This information will be translated into some form of customer service policy. Using this policy as a vehicle, employees may act to influence customer expectations. As La Londe and Zinszer³⁶ had argued, customer service as a corporate philosophy points a more visible direction for improvement in performance of the customer interface. But how far down the line has the customer service policy been disseminated ? Does lower ranking employees fully comprehend and make use of the policy ?

In this research, it would be interesting to note whether the employees of the Pilgrims Management and Fund Board, Malaysia has been able to influence customer expectation. Do their monopolistic position and reputation (created through services and promotional efforts) have any bearing upon customers' expectation ?

³⁶ La Londe, B.J and Zinszer, P.H., (1976), "Customer Service : Meaning and Measurement," A Special Study Report Published By, National Council of Physical Distribution Management, Chicago : Illinois.

2.5.3.1 : Possible Influence On Customers' Expectation

There are various key factors that could lead to customers' formation of expectations. As Malaysia is a developing country, factors influencing customer's expectation may not be the same as those of the western developed nations. It would be interesting at this juncture to investigate the factors that lead to the formation of customer's expectation.

A review of the literature revealed that such things as personality, values, demographic profile, exposure to media and level of competition did influence buying decisions. Thus, it would be interesting to test whether these variables do contribute to customers' expectation of customer service in Malaysia.

2.5.3.1 (a) : Personality.

In this research the association of personality to customer's expectation will be tested. Kotler³⁷ has defined personality as :

The person's distinguishing psychological characteristics that lead to relatively consistent and enduring responses to his or her environment.

³⁷ Kotler, P., (1991), "Marketing Management - Analysis, Planning, Implementation and Control," 7th. Edition, Prentice-Hall : Englewood Cliffs, N.J.

Purchasing behavior, media choice, innovation, product choice, opinion leadership, risk taking, attitude change, and almost anything else one can think of have been linked to personality³⁸. Each person has a distinct personality that will influence his or her buying behavior.

According to Karen Horney³⁹ personality explains a person's perception of his social environment and his action tendencies toward the objects in his life space. Thus, it is postulated here that personality types contribute to customers' expectation of customer service. Aggressively-orientated people could be thought to have higher expectations than compliant and detached orientated personalities.

2.5.3.1 (b) : Values.

Values such as social-recognition and sense of accomplishment could be thought to dictate higher customer service expectation. It would be interesting in this sense to test for its association with customers' expectation.

³⁸ Kassarjian, H.H., (1971), "Personality and Consumer Behavior : A Review," Journal of Marketing Research (November), pp. 409 - 18.

³⁹ Karen Horney, (1950), "Neurosis and Human Growth," New York : W.W. Norton & Co., Inc.

Karen Horney has constructed a tripartite interpersonal model; where aggressive-oriented people want to excel, to achieve success, prestige, and admiration; Compliant-oriented people want to be part of the activities; Detach-oriented people want to put emotional "distances" between themselves and others.

Hofstede⁴⁰ defined values as "a broad tendency to prefer certain states of affairs over others. Values have both intensity and direction"⁴¹. An understanding of the interrelationship among culture, values, and managerial behavior is essential to effective cross-national marketing and the management of the marketing function⁴².

2.5.3.1 (c) Demographics.

Demographics are said to link to customers' level of sophistication. Factors such as dwelling area and income level among customers could be thought to be associated with different expectations.

Studies by Peterson⁴³ indicated that demographic characteristics can be used as moderators in examining the relationship between personality variables and consumer product usage. Since there is a possible relationship between demographics and the usage of tangible products, it would be interesting in this research to determine the association of customers' demographics with non-tangible products, i.e customer service.

⁴⁰ Hofstede, G., (1984), "Culture's Consequences : International Difference in Work-Related Values." Sage Publication : London.

⁴¹ Ibid.

⁴² Segal, M.N, Segal, U.A and Niemczycki, M.A.P, (1993) "Value Network for Cross-National Marketing Management : A Framework for Analysis and Application," Journal of Business Research 27, pp. 65 - 83.

⁴³ Peterson, R.A, (1975), "Moderating the personality-product usage relationship," in R.C. Curhan (ed.), Proceedings of the American Marketing Association.

2.5.3.1 (d) Media Exposure.

Zeithaml et. al⁴⁴ have argued that the communication (In this research measured in terms of media exposure) of an organization with its customers also affects their expectations of service quality. Sufficient media exposure dictates higher expectations among market audience. Advertisements may suggest to the customer that they will receive more in the service encounter than they do expect in the first place. Thus, management may act to influence customer expectation.

2.5.3.1 (e) Level of Competition :

It could be assumed that a monopolistic situation preempts the need for customer service, because customers become indifferent. It is decided in this research to put this proposition to the test ; does customers' formation of expectation correlate with their perception on the level of competition at Luth, it being the fact that the Pilgrims Management and Fund Board is a monopoly in this trade ? As argued by Foster et. al⁴⁵ in situations where customers are "captive" to a single service source, poor customer service often breeds discontentment, resulting in customers adopting negative and hostile attitudes to front-line service providers.

⁴⁴ Parasuraman, A., Zeithaml, V.A. and Berry, L.L (1985), "A Conceptual Model of Service Quality and Its Implications For Future Research," Journal of Marketing, Vol. 49 (Fall), pp. 41 - 50.

⁴⁵ Foster, M., Whittle, S. and Smith., (1989), "A Total-Quality Approach To Service," Training & Development Journal, December.

In light of the above argument, this study will take into consideration the combined effect of personality, values, demographic profile, media exposure and perception of competitive level in explaining the variation in customers' expectation of customer service. To test for the correlation of these variables against customers' expectation, the following hypotheses are proposed :

H.1 : There is a significant difference in customers' expectation of customer service delivery based on personality types.

H.2 : There is a significant difference in customers' expectation of customer service delivery based on customers' value systems.

H3 : There is a significant difference in customers' expectation of customer service delivery based on customers' demographic profile.

Sub-Hypotheses To Hypothesis 3 :

H3.1 : There is a significant difference in customers' expectation of customer service delivery based on customers' gender.

H3.2 : There is a significant difference in customers' expectation of customer service delivery based on customers' age.

H3.3 : There is a significant difference in customers' expectation of customer service delivery based on customers' marital status.

H3.4 : There is a significant difference in customers' expectation of customer service delivery based on customers' educational level.

H3.5 : There is a significant difference in customers' expectation of customer service delivery based on customers' income level.

H3.6 : There is a significant difference in customers' expectation of customer service delivery based on customers' dwelling area.

H.4 : There is a significant difference in customers' expectation of customer service delivery based on customers' media exposure.

H.5 : There is a significant difference in customers' expectation of customer service delivery based on customers' perceptions on the level of competition

2.5.3.2 : Employees' Perception of Customer Expectations.

Employees have to have a perception of the customers' expectation. Failure to recognise this means an end to the ultimate goal of a satisfied, profitable customer. Accordingly, Berry et. al⁴⁶ have argued that the service provider will behave in the manner expected both by the management and customers. Therefore employees' perception and actions are worthy of study.

We shall compare their perception of the customers' expectation against the customers' expectation to look for a possible gap (Figure 2.3, p.43). This measurement would test whether employees know what they are trying to achieve. The relationship between customers' expectation of customer service delivery and the employees' perception of the customers' expectation is expressed in the following hypothesis which the research will test :

H6 : There is a significant difference between customers' expectation and employees' perception of customers' expectation : (Gap A) - Pre-transaction Phase (Figure 2.3, p.43).

⁴⁶ Berry, L.L., Parasuraman, A. and Zeithaml, V.A., (1988), "The service-quality puzzle," Business Horizons, September - October.

2.5.3.3 : Possible Influences on Employees' Perception of Customer Expectation

In the same way that there are likely to be external influences on the formation of customers' expectation, similar pressure may exist in the employees' formation of a perception of customers' expectation.

2.5.3.3 (a) Organizational Climate :

Although generally service quality is greatly contingent upon the individual providing the service, the internal or psychological environment, defined by La Follette⁴⁷ as, "organizational climate" is an important concept in understanding employee behavior in work organizations.

Organizational climate is generally felt to influence behaviour and to combine with individual differences in this influence. Cannie and Caplin⁴⁸ identified the following key factors as measures to evaluate an organization's climate when aimed at customer-driven service :

1. Customer Orientation.
2. Management Climate.
3. Cooperation/Integration.
4. Attitude and skills.

⁴⁷ La Follette, W.R. (1975), " How is the climate in your organization," Personnel Journal 54 (7) : pp. 376 - 380.

⁴⁸ Cannie, J.K and Caplin, D. (1991), " Keeping Customers For Life," American Management Association, New York.

Schneider and Bowen⁴⁹ state from their research result that employees' perceptions about service climate and Human Resources Management experiences within their organization get reflected in how their customers experience service. This supports their contention that when an organization promotes a quality atmosphere for service and for its employees, these efforts will be reflected in positive customer experience also. Based upon the above argument, it is intended here to test the correlation between employees' perception of customers' expectation against organizational climate. It will be expressed in the following hypothesis :

H7 : Employees' perception of organizational climate influences their perception of customer service delivery.

2.5.3.3 (b) Individual Differences :

We can speculate that several personal attributes of management, e.g gender, age, education, length of service and position/salary level may affect management's perception of customers' expectation and this study will test these links using the following hypotheses :

H8.1 : The employees' gender correlates with their perception of customer service.

⁴⁹ Schneider, B. and Bowen, D.E. (1993), "The Service Organization : Human Resources Management Is Crucial," Organizational Dynamics (Spring), Vol. 21. Issue 4, pp. 39 - 52.

H8.2 : The employees' age correlates with their perception of customer service.

H8.3 : The employees' marital correlates with their perception of customer service.

H8.4 : The employees' level of education correlates with their perception of customer service.

H8.5 : The number of years working correlates with the employees' perception of customer service.

H8.6 : Employees' position in the organizational hierarchy correlates with their perception of customer service.

H8.7 : Employees' salary level in the organization correlates with their perception of customer service.

2.5.3.3 (c) : Organizational Offer

Apart from individual differences and organizational climate, employees' perception of the organizational offer made to the customer might also differentiate their level of perception on customers' expectation. In support of this, Weitzel et. al⁵⁰ argued that :

The sales transaction is a dyadic interaction between customer and salesperson. The sales personnel attitudes toward customer service can strongly affect sales performance in a retail setting. Much of what stores do to influence sales only anticipates the exchange that occurs in the sales transaction. Stores focus on factors such as the store environment, product selection, and the generation of customer traffic through advertising and store location. Apparently, the actual transaction is assumed to be correct. In the final analysis, however, sales personnel efforts are crucial to the sale.

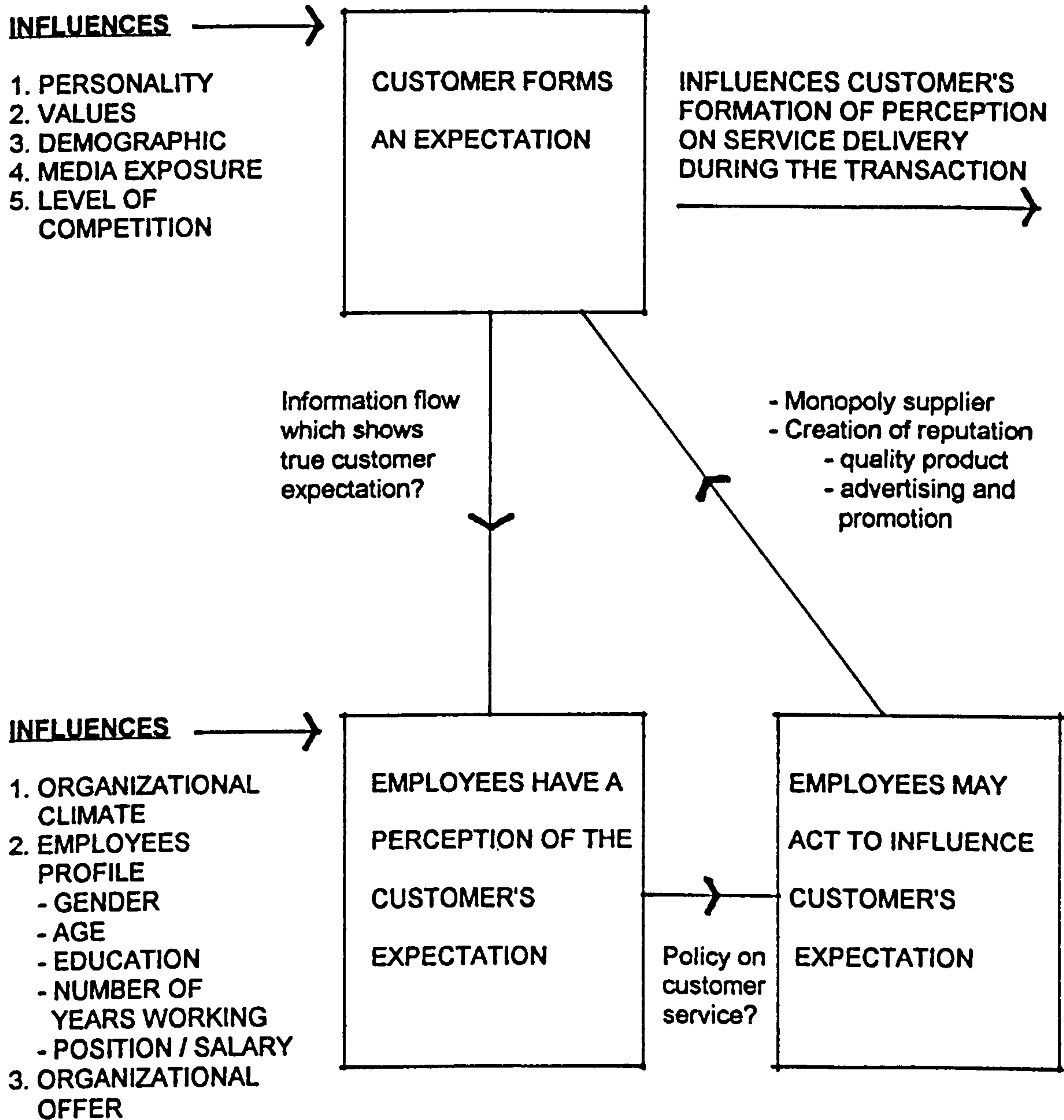
To test for the above proposition, the following hypothesis is to be tested :

H9 : Employees' perception of the organizational offer correlates with their perception of customer service delivery.

The pre-transaction phase as depicted in figure 2.3 (p.43) can now be expanded as shown in figure 2.4 overleaf.

⁵⁰ Weitzel, W., Schwarzkopf, A.B. and Peach, E.B., (1989), "The Influence of Employee Perceptions of Customer Services on Retail Store Sales," Journal of Retailing, Vol. 65, Number 1 (Spring), pp. 27 - 39.

Figure 2.4 : Pre-Transaction Phase



2.5.4 : Transaction Phase (Figure 2.5, p.62) :

During the service encounter, the customer forms a perception of the service process. This is reflective of the expectation they form at the Pre-transaction Phase. Boulding et al.⁵¹, studied how perceptions of service quality were influenced by customers' prior expectations of what will and should transpire during the service encounter. Pitt and Jeantrout⁵² had said :

Perceptions of service quality result from a comparison of consumer's expectation, with actual service performance. Quality evaluations are, therefore, not made solely on the outcome of the service, but also involve evaluations of the "process" of service delivery, during which the customer with an expectation becomes a customer with a perception as well.

Accordingly, Zeithaml, Parasuraman and Berry⁵³ have noted that judgement of high/low service performance depends on how consumers perceive actual service performance in the context of what they expected. If expectations are met, service is perceived to be satisfactory ; if unmet , less satisfactory.

⁵¹ Boulding, W., Kalra, A. Staelin, R. and Zeithaml, V.A., (1993), "A Dynamic Process Model of Service Quality : From Expectations to Intentions," Journal of Marketing Research, Vol. 30, (February), pp. 7 - 27.

⁵² Pitt, L.F and Jeantrout, B., (1994), "Management of Customer Expectations in Service Firms : A Study and a Checklist," The Service Industries Journal, Vol. 14, No. 2 (April), pp. 170 - 189.

⁵³ Zeithaml, V.A, Berry L.L and Parasuraman A., (1990), "Quality Service : Balancing Customer Perceptions and Expectations," New York : The Free Press.

In most services, quality formation occurs during the service delivery process, usually in an interaction between the customer and contact personnel of the service firm. In support of this contention, Zeithaml et al.⁵⁴ have said :

For this reason, service quality is highly dependent on the performance of employees, an organizational resource that cannot be controlled to the degree that components of tangible goods can be engineered.

Zeithaml et. al⁵⁵ further reiterated that the performance of services often differs among employees, among customers, and from day to day. Knisely⁵⁶ had highlighted this problem where he was quoted :

Peoples' performance day in day out fluctuates up and down. The level of consistency that you can count on and try to communicate to the consumer is not a certain thing.

Because of this immediate problem, it is important for management to put in place the dimensions to provide customer service, as this inconsistency in the delivery process may not match customers' pre-established

⁵⁴ Zeithaml, V.A., Berry, L.L., and Parasuraman A., (1988), "Communication and Control Processes in the Delivery of Service Quality," Journal of Marketing, Vol. 52 (April), pp. 35 - 48.

⁵⁵ Zeithaml, V.A., Berry, L.L. and Parasuraman, A., (1988), "Communication and Control Processes in the Delivery of Service Quality," Journal of Marketing, Vol. 52 (April), pp. 35 - 48.

⁵⁶ Knisely, Gary (1979a), "Financial Services Marketing Must Learn Packaged Goods Selling Tools," Advertising Age, 50 (March 19), pp. 58 - 62.

----- (1979b), "Listening to Consumer is Key to Consumer or Service Marketing," Advertising Age, 50 (February 19), pp. 45 - 60.

expectations. Therefore, there is a need for a feed-back loop between the customers' perception of the service during the transaction and what management perceives the customer experienced. According to Danaher and Mattsson⁵⁷, they have reason to believe that the summation of all service encounters is evaluated by the customer and not just the interaction with the service provider. This contention is supported by Brown and Swartz⁵⁸ who said that the process as such may play a greater role than the actual outcome in determining the overall satisfaction.

Although, we know very little about how satisfaction judgements evolve during the process, it is essential however at this stage to identify any gap between what the customers' and managements' perceive about the service encounter (Gap B - Figure 2.3, p. 43). In order to do this, the following hypothesis will be tested :

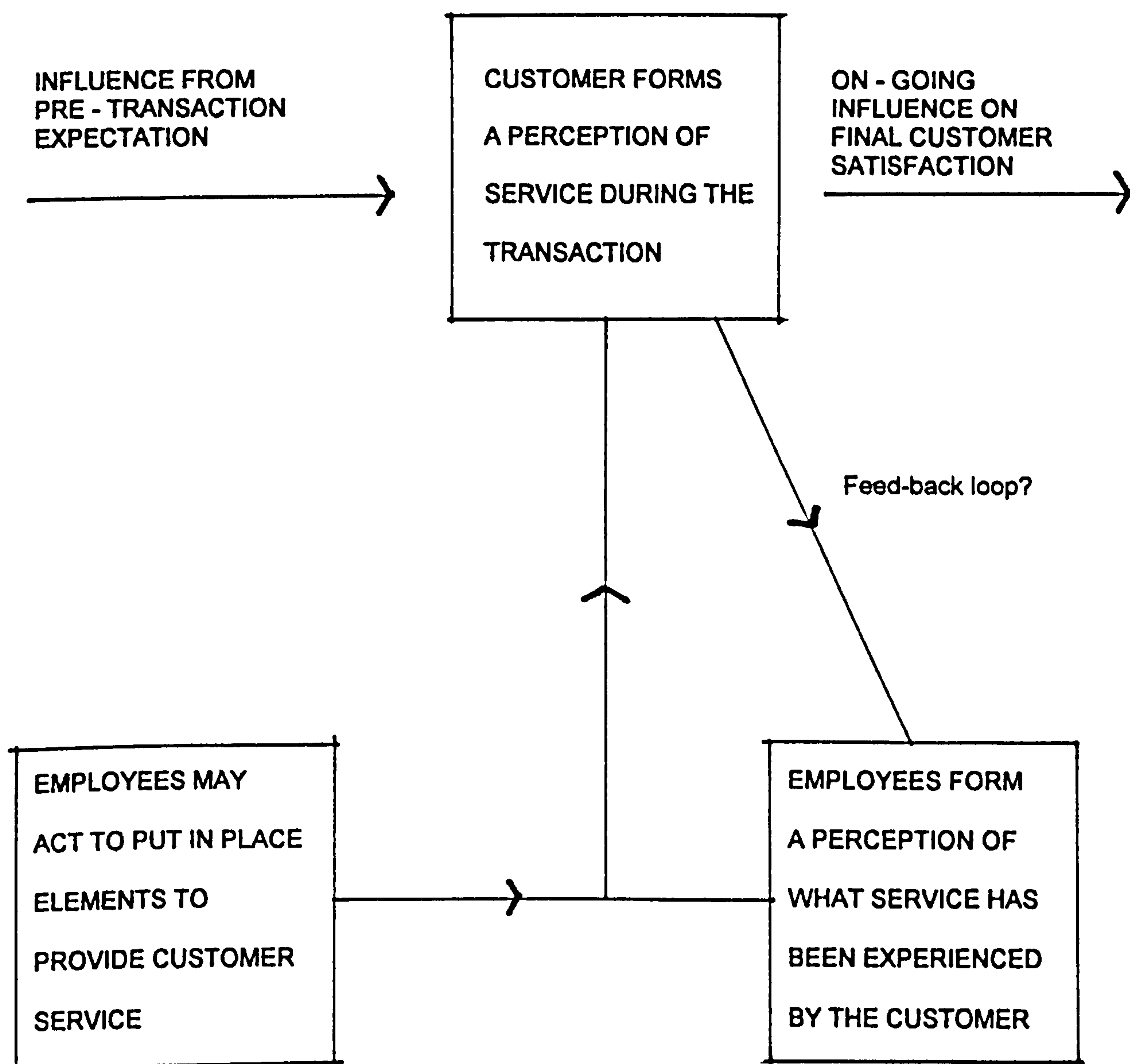
H10 : There is a significant difference between managers' and customers' perception on the customer service delivery process : Transaction Phase.

The transaction phase as depicted in figure 2.3 (p. 43) can now be expanded as shown in figure 2.5 overleaf.

⁵⁷ Danaher, P.J and Mattsson, J., (1994), "Customer Satisfaction during the Service Delivery Process," European Journal of Marketing, Vol. 28 No. 5, pp. 5 - 16.

⁵⁸ Brown, S.W. and Swartz, T.A., (1989), "A Gap Analysis of Professional Service Quality," Journal of Marketing, Vol. 53, April, pp. 92-98.

Figure 2.5 : Transaction Phase



2.5.5 : Post-Transaction Phase (Figure 2.5,p. 65) :

The customer forms a perception of the service after the transaction. This evaluation is dependent upon what the customer experienced during the transaction phase. What the customer perceived during the transaction has an on-going influence on the evaluation of the quality of service delivered which eventually leads to the degree of satisfaction (Gap D - figure 2.3, p.43).

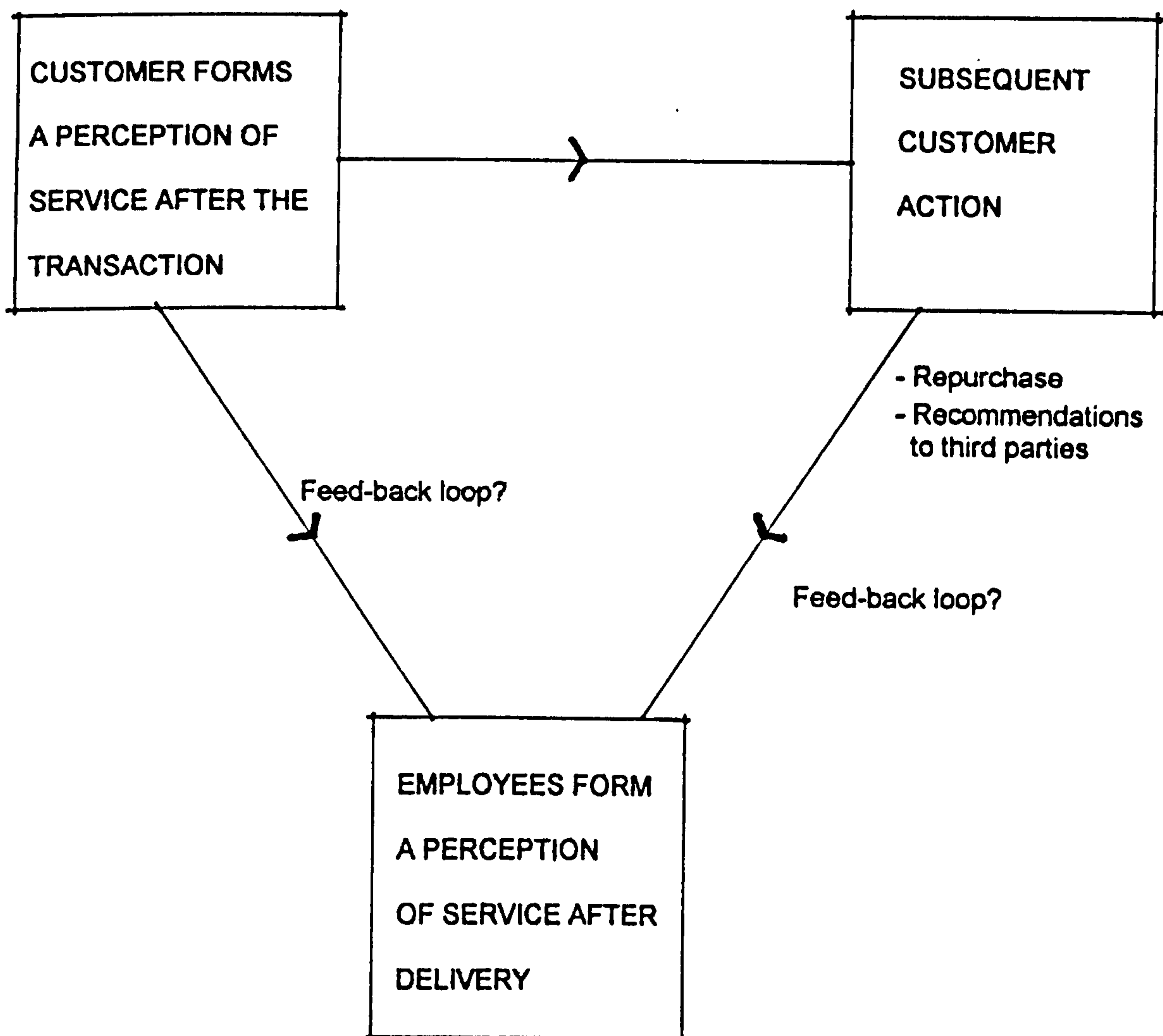
Management should be kept informed of what the customers thought of the service after the transaction. A feedback loop is vital between the customer and management. What customers perceived of the service after the transaction has to be compared with the management perception of the service delivery. This identifies discrepancies in the service delivered (Gap C - figure 2.3, p.43). Thus, if there are discrepancies, it means that management has not acted in the correct manner to put in place the appropriate customer service dimensions.

On the part of the customer, perception of service after the transaction will lead to subsequent action in terms of the repurchase or recommendations to a third party. Time limitations precluded detailed investigation of subsequent customer action during the study. At this juncture the proposed hypothesis for gap C (Figure 2.3, p.43) is as follows :

H11 : There is a significant difference between customers' and managers' perception on the of quality customer service delivered : Post-transaction Phase.

The post-transaction phase as depicted in figure 2.3, p. 43 can now be expanded as shown in figure 2.6 overleaf.

Figure 2.6 : Post-transaction Phase



The state of quality at Gap C will lead to the judgement on customer satisfaction as depicted by Gap D, where customers would compare their perception of service during the transaction against their expectations formed during the pre-transaction phase. The relationship between quality judgement and degree of satisfaction will be tested using the following hypotheses :

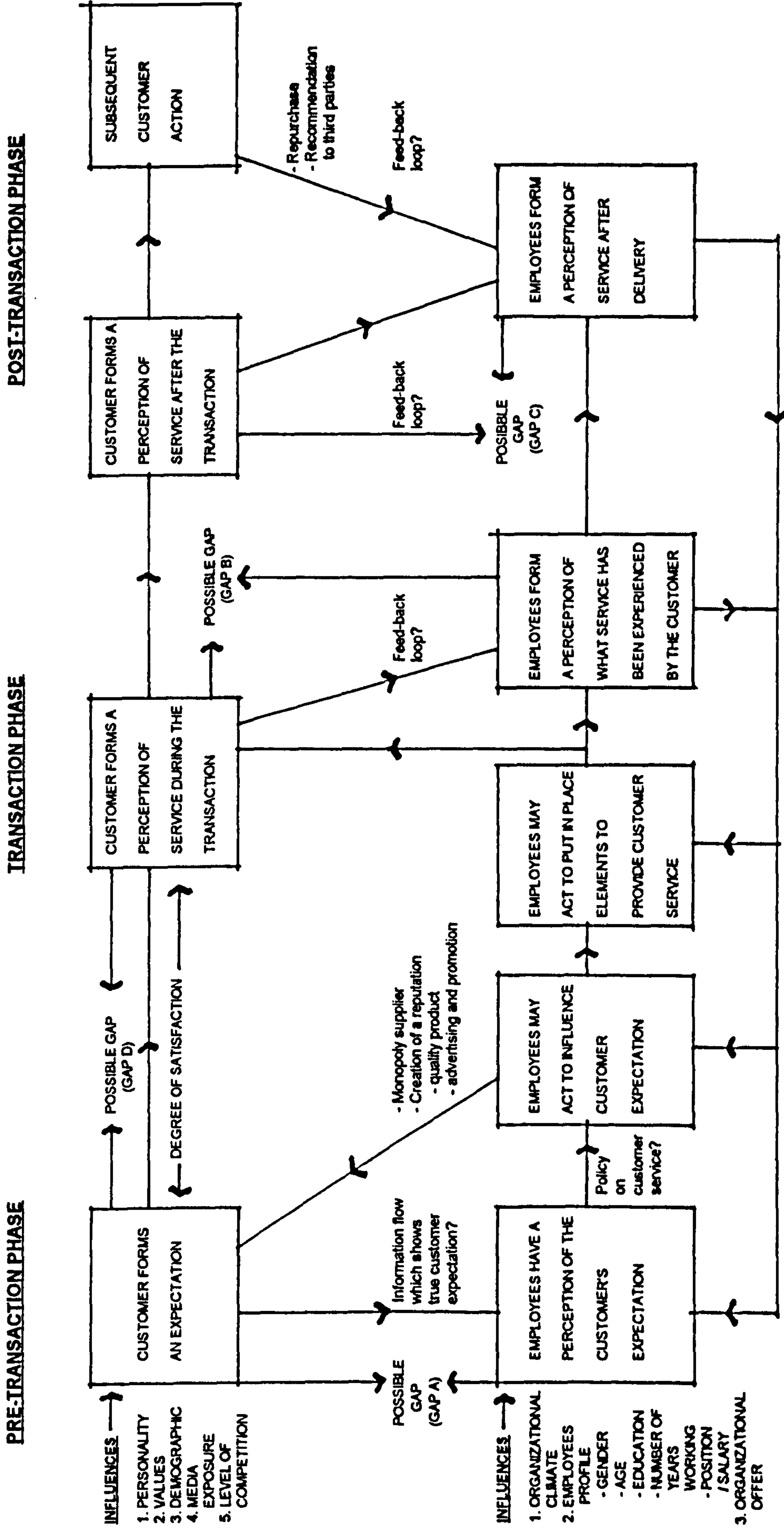
H12 : There is a significant difference between customers' expectation and their perception of customer service delivery : Pre-transaction & Transaction Phase.

H13 : There is customer dissatisfaction towards customer service delivery at Luth.

For the present study, customer service perception at the Pilgrims Management and Fund Board Malaysia will be examined based on the discussion presented above. A diagrammatic presentation of the complete conceptual framework for the study is created by combining the pre-transaction (figure 2.4, p.58), transaction (figure 2.5, p.62) and post-transaction phases (figure 2.6, p.65). Additional links between the phases are added to depict management interventions and perceptions in the various phases. The complete model is shown overleaf at figure 2.7.

CUSTOMER SERVICE

" all activities which bind a corporation to its customers which are designed with two goals in mind i.e. operational effectiveness and customer satisfaction "



66 A.

**Figure 2.7 : Proposed Customer Service Model
For The Pilgrims Management And Fund Board,
Malaysia**

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Design :

For the purpose of this research, a non-experimental research design is appropriate as the project falls in the field of social science.

3.2 Data Collection Strategy :

Since the unit of analysis is single, i.e ; The Pilgrims Management Fund Board Malaysia, the type of information required is quite extensive and involves respondents spread across the nation, the researcher decided to employ the triangulation method recommended by Nachmias¹. The findings from structured questionnaires were supplemented by in-depth interviews where possible and selected observation of operations.

A quantitative methodology for questionnaire analysis was employed to give strength to the study.

¹ Nachmias, C.F., and Nachmias, D., (1992) , "Research Methods in Social Sciences," 4th. Edition, St. Martin's Press, Inc. : London. pp. 199.

3.3 Methodology :

An adapted form of the SERVQUAL method developed by Parasuraman et al.² was used. The conceptual foundation for the SERVQUAL scale was derived from work which examined the meaning of service quality³ and illuminated the dimensions along which consumers perceive and evaluate it. SERVQUAL is a concise multiple-item questionnaire with good reliability and validity which the researchers developed⁴. The instrument has been applied extensively in many service areas⁵.

3.4 Questionnaire Design :

The development of the survey instrument was carried out in phases :

Phase 1 : a thorough review of the literature was undertaken to determine the appropriate concepts to be included, the design of the research framework which served to guide the desired information and specify the relationships to be investigated (refer to the model - figure 2.7, p.67).

² Parasuraman, A., Zeithaml, V.A and Leonard, L.L., (1988), "SERVQUAL : A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality," Journal of Retailing, Volume 64, Number 1, pp. 12 - 41.

³ Sasser, W. Earl, Jr., R. Pual Olsen and D. Darly Wykoff, (1978), "Management Service Operations : Text and Cases," Allyn & Bacon : Boston.

Gronroos, Christian, (1982), "Strategic Management and Marketing in the Service Sector," Helsingfors : Swedish School of Economics and Business Administration.

Lehtinen, Uolevi and Jarmo R. Lehtinen, (1982), "Service Quality : A Study of Quality Dimensions," unpublished working paper, Helsinki : Service Management Institute, Finland OY.

⁴ Badri, M.A., Davis, D. and Davis, D., (1995), "A study of measuring the critical factors of quality management," International Journal of Quality and Reliability Management, Vol 12 No. 2, pp. 36 - 53.

⁵ Teas, R., (1993), "Consumer expectations and the measurement of perceived service quality," Journal of Professional Services Marketing, Vol 8 No. 2, pp. 35 - 54.

Phase 2 : Initial construction of the questionnaire. The marketing, customer service and quality literature formed major sources for survey questions in addition to the conceptual model on page 67. Two sets of questionnaire were constructed; namely the customers' and employees' questionnaires. Specific sections used are:

Set A : Employees' Questionnaire

Section A :
Employee's Profile

Section B :
Definition of customer service.

Section C :
Organizational Climate

Section D :
Organizational Offer

Section E :
Measurement of Perception

Section F :
Evaluation of Service Delivered

Section G :
Training Needs Analysis

(See Appendix 3.2 for a full copy of employees' questionnaire)

Set B : Customers' Questionnaire

Section A :
Customer's Profile

Section B :
Experiences of Customer Service

Section C :
C.1 - Personality
C.2 - Values

Section D :
Exposure to Media & Advert.

Section E :
Competition

Section F :
Measurement of Expectation

Section G :
Measurement of Perception

Section H :
Evaluation of service delivered.

(See Appendix 3.4 for a full copy of the customer questionnaire).

Phase 3 : Discussions were held with the supervisor, to check on the clarity of the questions, and the appropriateness of the proposed scale. Discussions were held with fellow students from Malaysia, to test their comprehension of the questionnaire and to be on the lookout for cultural bias (as the questionnaire is being adapted from the SERVQUAL approach).

Phase 4 : Pre-test of revised questionnaire. On arrival in Malaysia, the researcher spent a week at the Pilgrims Management and Fund Board's Headquarters in Kuala Lumpur to pre-test the questionnaire. One ineffective question was dropped.

Target subjects were asked to respond using a variety of techniques. These included Likert scale, rank order and open ended questions.

3.5 Sample Design :

The target population of this study is people who work for the Pilgrims Management and Fund Board and people who have used their services. The source of information on the first target population is the Board's telephone directory for 1994. While the second target population is a customer list from the same year provided by the Pilgrims Management and Fund Board.

The study area was confined to Peninsular Malaysia, excluding the states of Sabah and Sarawak because of distance, time and the expenses involved. It was felt that Peninsular Malaysia should be a representative sample of the population as a whole as they are of the same ethnic background as the people of East Malaysia.

In order to test for rural and urban differences Peninsular Malaysia has been divided into two regions, the east and the west coast. The majority of the manufacturing industries, plantations and tin reserves are concentrated in the west coast states, while the east coast states are sparsely populated and relatively undeveloped. The main economic activities on the east coast include offshore oil production, fishing and small-scale rubber and oil palm production.

On the grounds of optimum time and budget usage, the study area was restricted to customers from the following

districts:

1. East coast :

Kuantan, Raub and Kuala Lipis.

2. West coast :

Kuala Lumpur, Shah Alam and Hulu Langat.

Using Sudman's⁶ argument as a basis of sampling, the researcher decided to aim at a sample size of 300 in each of the customer and management groups.

3.6 Additional Data Collection Information :

This section discusses the research methods used during data gathering namely ; surveys, in-depth interviews, direct observation and reference to secondary data. These methods will be discussed separately.

3.6.1 Surveys :

For this research, a survey has been the prime source of data. As already discussed the researcher designed two sets of structured questionnaire; one for employees (copy at appendix 3.2) and the other for the customers (copy at appendix 3.4).

The technique used for distributing the customers questionnaire was to make telephone or personal contact to invite cooperation in the study. Customer respondents were selected from a list of 250 customers at each

⁶ Sudman, S., (1976), "Applied Sampling" Academic Press : New York, p. 50.

district identified, choosing every 5th. customer. This makes a target sample of 50 respondents in each district and a total of 300 respondents in 6 districts. A total of 183 completed questionnaires was collected. Breakdown of the respondents is as follows:

Table 3.1 : Customer Respondents' Breakdown

District	List No.	Target	Sample	Rate of Response
Kuantan	250	50	44	88 %
Raub	250	50	37	74 %
Kuala** Lipis	250	50	19	38 %
Kuala Lumpur	250	50	35	70 %
S. Alam	250	50	30	60 %
Hulu** Langat	250	50	18	36 %
Total	1500	300	183	61 %

** The low responses rate in each of these two districts could be attributed to the characteristics of these districts. They are small in size. Many respondents live outside the municipalities; especially in villages and land development schemes. This often causes the problem of logistics. At times when visited, respondents were frequently out at work in the field, the rubber estates and palm oil plantations. Their working hours were irregular. Often respondents do not reside at the addresses as stipulated in the list.

A structured questionnaire was used to collect primary information from customers where possible. The researcher administered the questionnaire personally because he wanted to maintain reliability and accuracy of the data collected.

There were respondents who were unwilling to participate and also those who were willing to cooperate but declined to be personally interviewed. To overcome the problem of unwillingness to participate, substitutes were identified. For those respondents who were not in the position to be personally interviewed, questionnaires were left with them and the researcher called back at a later date to collect.

Employee questionnaires were distributed through the internal mail of the Pilgrims Management and Fund Board. This was a preferred option because the management of LUTH felt that doing personal interviews would be obstructive to their employees' productivity as it would be time consuming.

Using the Board's telephone directory for 1994 as a guide, three hundred (300) copies of the employees' questionnaire were distributed. Senior Managers, Middle Managers and Officers were identified directly from the telephone directory. Lower ranking officers (category "C" and "D" staff) were given the questionnaire via their

immediate supervisors. Aiming for a balanced representation two criteria were used ; department and rank (see table 3.2, page 77 and 3.3, page 78) for profile of respondents).

Each questionnaire was accompanied by an introductory letter (Appendix 3.1) explaining the purpose of the research and the importance of responses being received. Unfortunately, some two weeks after the deadline for their receipt only 50 usable copies of the questionnaire were returned.

Unhappy with the rate of return, the researcher sought verbal permission from the management to write a follow-up letter to those from whom no response had been received. Permission was not granted by the management who said ; "employees have other commitments and priorities to attend to".

As the researcher had no other alternatives to increase the rate of response, substitutes were identified from the same source. Another 100 copies of the questionnaire were distributed. Only another 31 completed questionnaires were returned. This made a total of 81 usable questionnaires. Thus, the response rate was at 20.25% of those targetted. The 81 respondents made 8 % of the total employee population in the chosen categories. Although disappointing to the researcher, this response

rate is considered satisfactory by the Malaysian standard. Osman Mohamed⁷ had a 22.8 percent response rate, while Mei Ling⁸ who conducted a survey (drop-in/Personal interview) of the service sector in the months of October to December 1989 had a response rate of 12.25 percent.

Table 3.2 : Breakdown of Employee Respondents

Department	Total	Target	Sample	Rate of Response versus target	Rate of Res. versus total
Investment	123	50	12	24 %	9.8%
Hajj	212	80	7	8.75 %	3.3%
Administra tion	186	70	15	21.42 %	8.1%
Finance	364	135	34	25.18 %	9.3%
Other**	175	65	13	20.00 %	7.4%
Total	1060	400	81	20.25 %	7.5%

** respondents from 6 district offices identified.

⁷ Mohamed, O. (1994), " Factors associated with Successful Exporters : Empirical Evidence from Malaysia," Phd. Thesis, University of Strathclyde, United Kingdom.

⁸ Mei Ling, S.L. (1992), " Producer Services Development and Trade : Malaysia and ASEAN in the Uruguay Round," University of Malaya : Malaysia.

**Table 3.3 : Distribution of Employee Respondents By
Department and Position**

Position** Department	1	2	3	4	5	Total
Investment	1	4	3	3	1	12
Hajj			3	4		7
Administration	1	2	6	6		15
Finance	2	5	19	8		34
Other		6	4	2	1	13
Total	4	17	35	23	2	81

Key :

1. Senior Manager
2. Middle Manager
3. Officer
4. General Staff
5. Other (Category "D")

3.6.2 In-Depth Interviews :

A semi-structured interview was used in this research to interview the Chief-Executive Officer of the Pilgrims Management and Fund Board, Dato' Haji Abdul Latif Bin Haji Mohd. Hassan (see appendix 3.8 : for interview structure and notes of his response). The interview was used to gather information about the general structure and operations of the organization with some reference to the state of customer service.

This was followed by an interview with the Director of Quality, Mr. Haji Salleh Mubin. The focus of this interview was on customer service and quality management at the Pilgrims Management and Fund Board. The researcher also interviewed the Head of Corporate Unit, Mr. Haji Abdul Halim Abdul Aziz. Tapes of these interviews are retained by the researcher.

Senior management of the Pilgrims Management and Fund Board were reluctant to sanction an in-depth formal interview programme for employees. Accordingly, the researcher had to make do with data gathered from informal contact with 20 employees personally known to him. Care was taken not to lead replies from this somewhat limited sample, by allowing respondents free-ranging discussion of the general issue surrounding customer service. Again tapes of these interviews are retained by the researcher.

Apart from asking customers to complete a structured questionnaire, those willing to cooperate were further invited to take part in a personal interview. Only 30 customers out of 183 asked were willing to be interviewed. Again by inviting free-ranging responses to the issue of customer service at the Pilgrims Management and Fund Board, care was taken not to lead respondents. These interviews were recorded on tapes which are held by the researcher along with written notes of the meetings.

3.6.3 Direct Observation of Operations :

The researcher's main objective in using observation was to have an insight into the practice of customer service at LUTH with the focus on the aspect of counter service. The researcher visited service counters in the following offices :

1. Kuala Lumpur : West Coast
2. Kuantan : East Coast
3. Raub : East Coast
4. Hulu Langat : West Coast

Features noted in these observations were :

1. Facilities for the convenience of the public while waiting for services to be rendered;
2. Queueing system;
3. Waiting time for service;
4. Knowledge and interpersonal skills of staff; and
5. General behaviour of employees.

3.6.4 Secondary Data :

Relevant data were collected from two main sources :

1. published working papers, annual reports and in-house magazines and other publications available at the Pilgrims Management and Fund Board's Library.

2. government publications such as the annual economic report and the mid-term review of the sixth Malaysia Plan (1991-1995).

3.7 Reliability Of Questionnaire Measurement :

Bagozzi⁹ refers to reliability as :

"the amount of agreement between independent attempts to measure the same theoretical concept."

Kirk and Miller¹⁰ define reliability as :

"the extent to which a measurement yields the same answer whenever it is carried out...".

We have no other independent instrument to give external reliability, therefore, we had to settle for checking the internal reliability of our questionnaire. In this research we analyse answers to specific questions and we examine differences between questions which go to form a single concept.

One of the most frequently employed measures of reliability in this sense is coefficient alpha or Cronbach alpha¹¹. The coefficient alpha is suitable for items that are not scored as right or wrong. The response simply indicates where one stands on the continuum of the given scale. With regard to its use Nunnally¹² states that :

⁹ Bagozzi, R.P. (1994), "Measurement in Marketing Research : Basic Principles of Questionnaire Design," in Bagozzi, R.P. (ed.) Principles of Marketing Research, Blackwell, Oxford, U.K.

¹⁰ Kirk, J. and Miller, M.L., (1986) "Reliability and Validity in Qualitative Research," Sage Publication : London.

¹¹ Cronbach, L.J. (1951), "Coefficient alpha and the internal structure of tests," Psychometrika, 16, pp. 274 - 234.

¹² Nunnally, J.C. (1967), "Psychometric Theory," McGraw-Hill : New York, pp. 210.

"Coefficient alpha is the basic formula for determining the reliability based on internal consistency....Even if other estimates of reliability should be made for particular instruments, coefficient alpha should be obtained first...Coefficient alpha sets an upper limit to the reliability test."

We process in the following way to get at a parameter called Cronbach alpha :

$$\alpha = \frac{n}{n-1} \left(1 - \frac{\sum s_i^2}{s_t^2} \right)$$

where n = number of measurements, s_i^2 = variance of measure i , and s_t^2 = variance of the total scale formed by the sum of measures. Cronbach alpha varies between 0 and 1 inclusive, with higher numbers indicating greater reliability. According to Bagozzi¹³, for exploratory research, one generally desires values for Cronbach alpha greater than about 0.60, although values greater than 0.70 are preferred.

¹³ Ibid.

3.7.1 Internal Reliability Test On Managers' Questionnaire

Internal consistency of variables within the managers' questionnaire was determined by using Cronbach Alpha. The reliability of these variables is high using Bagozzi's norm, where each scale in the test ranges from 0.62 to 0.97 (see table 3.4 to 3.7).

Table 3.4 : Reliability of Organizational Climate
(N=81)

Scale	No. of Items	Cronbach Alpha

1. Customer Orientation	6	0.69
2. Management Climate	4	0.62
3. Cooperation / Integration	7	0.68
4. Attitude and Skills	7	0.70

Table 3.5 : Reliability Test on Organizational Offer
(N=81)

Scale	No. of Items	Cronbach Alpha

1. Organizational Offer	10	0.70

Table 3.6 : Reliability Test on Employees' Perception
(N=81)

Scale	No. of Items	Cronbach Alpha

1. Employees' Perception	44	0.97

Table 3.7 : Reliability Test on Employees' Evaluation
(N=81)

Scale	No. of Items	Cronbach Alpha

1. Employees' Evaluation	13	0.87

3.7.2 Internal Reliability Test On Customers' Questionnaire

The internal consistency of the variables within the customers' questionnaire was determined by using Cronbach Alpha. There is a high degree of reliability using Bagozzi's norm. The reliability of each scale within the customers' questionnaire ranges from 0.79 to 0.99 (see table 3.8 to 3.11).

Table 3.8 : Reliability of Customers' Personality Test
(N=183)

Scale	No. of Items	Cronbach Alpha
1. Personality Variables : C11 - C35	25	0.79

Table 3.9 : Reliability of Customers' Expectation Test
(N=183)

Scale	No. of Items	Cronbach Alpha
1. Expectation Variables : F1 - F44	44	0.98

Table 3.10 : Reliability of Customers' Perception Test
(N=183)

Scale	No. of Items	Cronbach Alpha
1. Perception Variables : G1 - G44	44	0.99

Table 3.11 : Reliability of Customers' Evaluation
(N=183)

Scale	No. of Items	Cronbach Alpha
1. Customers' Evaluation	13	0.98

3.8 Method Of Analysis :

Data from the survey on the perception of customer service delivery, the gaps, the factors which influence customers' perception and factors which contribute to managers' perception were processed and analyzed by using the Statistical Package for the Social Sciences (SPSS). A parametric test was used on the testing of hypotheses. One of the assumptions of a parametric test is that the population is normally distributed. Thus, "normal probability plots" were done to check the assumption of normality.

Norusis¹⁴ , suggests the use of Shapiro-Wilks and Lilifors tests as two tests commonly used to check the normality assumption. In this thesis, the "Liliefors test" was carried out.

According to Norusis¹⁵ :

¹⁴ Norusis, M.J., (1991), "SPSS Introductory Statistics Student Guide," Chicago : SPSS Inc.

¹⁵ Ibid.

It is almost impossible to find data that are exactly normally distributed. For most statistical tests, it is sufficient that the data are approximately normally distributed.

The plots showed that most of the times the distribution is normal. It was therefore decided that parametric tests could be carried out with validity on these hypotheses.

3.8.1 Computing The Gap Scores :

Using SERVQUAL as the frame of reference, and applying the model of customer service delivery at the Pilgrims Management and Fund Board the researcher has created and then grouped statements covering both the expectations and perceptions of customers and the perceptions of managers into ten dimensions. The statements per dimensions are as follows (see appendix 3.2 and 3.4 for the full statements) :

Dimensions	Statements Pertaining to the Dimensions.
1. Customer service Policy : a policy exists and employees are aware	Statements 1,2,3 & 4
2. Organizational factors	Statements 9,10,11,12 13,14 & 18
3. Promotion & Advertisement: Its effect - what is the implied offer perceived by the prospect.	Statements 26,27 & 28

- | | |
|---|---------------------------------|
| 4. Understanding of the Customer :
- empathy : caring, individualised attention which the firm provides its customers. | Statements 15,16,22, 23,24 & 25 |
| 5. Interpersonal Skills : Employees's Effect On The The Customer.
- responsiveness, courtesy, skill & competence. | Statements 17,19,20 & 21 |
| 6. Tangibles & Physical Surroundings : Their Quality | Statements 5,6,7 & 8 |
| 7. Communication : Effectiveness Between Management and Customers. | Statements 29,30 & 33 |
| 8. Value to be delivered to the customer. | Statements 31 & 32 |
| 9. Effectiveness of logistics | Statements 34,35,36, 37,38 & 39 |
| 10. Effectiveness of after-sales service. | Statements 40,41,42, 43 & 44. |

The Likert technique was used as a scoring system in both the "expectation" and "perception" scales. A 5-point scale was chosen to assess degree of agreement with these statements, with the highest level of agreement being coded as 5 and the lowest being coded as 1.

For example, assessing the quality of service involves computing the difference between the means of ratings respondents assign to the paired expectation / perception statements and then testing the statistical significance of any differences revealed. Specifically, a Gap D score for each statement pair, for each customer, is computed

as follows :

The quality of service (customer satisfaction) = Service Quality Delivered - Service Expected¹⁶.

For each respondent the mean value of their scale response to each of the statements pertaining to a dimension is calculated to give a "dimension mean". The individual dimension means are then averaged across all respondents in any given category.

3.8.2 Statistical Analysis

Advice was sought on statistical analysis from the Department of Statistics, The University of Hull. The main statistical tests used were : (a) a paired and group t-test; (b) analysis of variance (ANOVA).

A group t-test was used to test the hypotheses that involve two groups of respondents and one variable to be measured ; a paired t-test was done on the hypotheses with one group of respondent and a 2-level independent variable. The one-way ANOVA was done on the hypotheses that involve measuring the effect of independent variables with more than two levels.

¹⁶ Heskett, J.L., Sasser, W.E., Jr. and Hart, Christopher W.L, (1990), "Service Breakthroughs : Changing the Rules of the Game," New York : The Free Press.

The technique of multiple regression considers the prediction of a variable y from the linear combination of two or more variables. It was felt to be an appropriate technique when we want to investigate the effects on Y of several variables simultaneously¹⁷. Thus, in this thesis multiple regression was used to explain customers' dissatisfaction and also management perception of customer service delivery.

The analysis of data gathered through observation and in-depth interview was mainly presented in narrative form.

¹⁷ Wonnacott, T.H and Wonnacott, R.J.,(1981), "Regression : A Second Course In Statistics," John Wiley & Sons : New York.

CHAPTER 4 : RESEARCH FINDINGS

4.1 INTRODUCTION

In this chapter the research findings are presented, described and analyzed. The focus of the research was to examine the perception on customer service delivery held by Malaysian employees and customers based upon the study of the Pilgrims Management and Fund Board, Malaysia.

The findings of the survey are presented in the following manner :

4.2 presents a descriptive analysis of the customers' profile.

4.3 presents a descriptive analysis of the employees' profile.

4.4 customer service definitions.

4.5 discusses the findings based upon the model developed in chapter 2 (figure 2.7, p.p 67).

4.6 Comparison of current findings with previous research.

4.2 PROFILE OF CUSTOMERS

The 183 respondents represented a cross section of the population from both the east and west coast of Peninsular Malaysia. Samples were drawn from the districts of Kuantan, Raub and Kuala Lipis which represented the east coast, while the Federal Territory of Kuala Lumpur, Shah Alam and Hulu Langat represented the west coast. Description of the demographic profile is as follows:

Table 4.1 : Customers' Gender

Gender	Total (Percent)
Male	105 (57.4%)
Female	78 (42.6%)
Total	183 (100%)

Table 4.2 : Customers' Marital Status

Marital Status	Total (Percent)
Married	162 (88.5%)
Single	21 (11.5%)
	183 (100%)

The higher representation of married respondents and an under representation of the single ones could be attributed to the fact Malaysian Muslims are customarily known to make pilgrimage to Mecca once they are stable in life. A married status denotes that they already have a steady and stable income. As stipulated by the five pillars of Islam it is obligatory upon Muslims at this stage to perform the Haj .

Table 4.3 : Respondents Dwelling Area

Dwelling Area	Total (Percent)
Rural (East Coast)	100 (54.6%)
Urban (West Coast)	83 (45.4%)
	183 (100%)

As mentioned in chapter 3, where possible customers were administered with the survey questionnaire personally by the researcher . But if circumstances did not permit, the researcher would leave behind the questionnaire to be filled in at their own pace by the respondents themselves.

A higher response rate was received from the east coast which can mainly be attributed to the ability of the researcher to administer the interview personally. Other reasons for the shortfall of response rate in the west coast can be attributed to logistical problems. Frequently, questionnaires left behind with respondents were not returned or the ones returned were not useful.

Table 4.4 : Customers' Educational Level By Dwelling Area

Educational Level	Rural Area	Urban Area	Total (Percent)
Primary	15	1	16 (8.7%)
Secondary	37	25	62(33.9%)
Diploma	12	25	37(20.2%)
Undergraduate	25	15	40(21.9%)
Postgraduate	11	17	28(15.3%)
	100	83	183(100%)

Table 4.5 : Customers' Income Level By Dwelling Area

Income Level (RM Per Month)	Rural Area	Urban Area	Total (Percent)
Below RM 200	6	2	8 (4.4%)
RM 200 - RM 499	8	4	12 (6.6%)
RM 500 - RM 999	10	11	21(11.5%)
RM 1000 - RM2999	59	32	91(49.7%)
RM 3000 - RM4999	15	21	36(19.7%)
above RM5000	1	9	10(5.5%)
* Missing	1	4	5(2.7%)
	100	83	183(100%)

* the missing values are attributed to the refusal of the respondents to disclose their income.

It is interesting to note from table 4.4 that about 58% of the respondents underwent higher education (Diploma holders and above). This indicates that a fair number of them would be holding positions with good earnings. This is reflected in table 4.5, where 74.4% of the respondents were earning above RM \$1000.00 per month. Judging from the income level it could be postulated that most of the customers at the Pilgrims Management and Fund Board could not be categorised as facing economic hardship. This is

very much in contrast to the earlier users of this service who were reported to be people of the lower income and their journey to Ka'abah in the Holy Land would mean lifetime savings to some, with many sacrifices and hardships¹.

Based on the research and observations done by the Royal Professor Ungku Aziz in the 1950's, he found that Muslims saved money mainly on account of the desire to perform Haj. They saved in pillows, under mattresses and floors, in cupboards, in earthen jars which were buried for safety or purchased land or livestock later to be sold to meet expenses on their journey to the Holy Land. These traditional methods of saving were not only detrimental to the rural economy but also to national economic development.

From the above findings it can be deduced that, at the present state of economic development in Malaysia, respondents' concern when performing Haj is no more a matter of economics. This is highlighted by questions A8.E and A8.J (refer to appendix 3.4 - customer's questionnaire) when asked about :

"What factors influenced their choice of a pilgrimage agency ?". 65.5% of respondents have given "treatment" as their factor of choice.

¹ "The Pilgrims Management and Fund Board : as an Islamic Investment Institution," (1990), Lembaga Urusan Dan Tabung Haji : Kuala Lumpur, Malaysia.

Therefore, although the service provided has a religious significance, customer service is a high priority item. It should not be a "neglected field" in a way to any other service provided by secular organizations.

4.3 : EMPLOYEE'S PROFILE

The 81 respondents representing employees of the Pilgrims Management and Fund Board, Malaysia are classified under five different departments and cut across different managerial positions. The list of employees was obtained from the organization's telephone directory for 1994.

Although the respondents' sample size is only 20.25% of the targeted sample of 400 respondents, it is not of great concern as it has been representative of the organization's structure. The low response rate from the employees as disclosed in chapter 3 was largely attributed to the attitude of the employees themselves who do not foresee the significance of this study to their organization.

Table 4.6 : Employee's Gender

Sex	Total (Percent)
Male	54 (66.7%)
Female	27 (33.3%)
	81 (100%)

Table 4.7 : Employee's Marital Status

Marital Status	Total (Percent)
Married	70 (86.4%)
Single	11 (13.6%)
	81 (100%)

That there were more married employees as compared to single ones could be attributed to the fact that this is a religious organization. From the Islamic point of view, it is promiscuous to allow interaction in an organization between male and female who are not muhrim (related to each other).

Table 4.8 : Distribution of Employee's By Department

Department	Total (Percent)
Investment	12 (14.8%)
Haj	7 (8.6%)
Administrative	15 (18.5%)
Finance	34 (42.0%)
Other	13 (16.0%)
	81 (100%)

The low response rate from the Haj department could be the result of the unavailability of the employees when the research was conducted. The researcher was made to understand a number of them were in Mecca as it was haj season. But in the researcher's view a main reason for the low response is the unwillingness of the employees themselves to participate.

Table 4.9 : Employee's Educational Level

Educational Level	Total (Percent)
Secondary	32 (39.5%)
Diploma	27 (33.3%)
Undergraduate	12 (14.8%)
Post-graduate	10 (12.3%)
	81 (100%)

Table 4.10 : Number of Years Working With Luth

Number of Working Years	Total (Percent)
1 - 5 years	15 (18.5%)
6 - 10 years	21 (25.9%)
11 - 15 years	29 (35.8%)
16 - 20 years	5 (6.2%)
21 & above	11 (13.6%)
	81 (100%)

Table 4.11 : Employee's Position in the Organization

Position	Total (Percent)
1. Senior Manager	4 (4.9%)
2. Middle Manager	17 (21.0%)
3. Officer	35 (43.2%)
4. General Staff	23 (28.4%)
5. Other ***	2 (2.5%)
	81 (100%)

Note :

*** security guards

Table 4.12 : Employee's Salary Level

Salary Level (RM per month)	Total	(Percent)
Below RM 1000.00	16	(19.8%)
RM 1000.00 - RM 1499.00	13	(16.0%)
RM 1500.00 - RM 1999.00	18	(22.2%)
RM 2000.00 - RM 2499.00	7	(8.6%)
RM 2500.00 - RM 2999.00	10	(12.3%)
RM 3000.00 - RM 3499.00	1	(1.2%)
RM 3500 and above	16	(19.7%)
	81	(100%)

4.4 Customer Service Definitions :

The customer service function has evolved into an important tool of marketing management. The term customer service cannot be defined precisely to tell us exactly what customer service is and what it is not. Considerable effort has gone into defining the various aspects of customer service. For the purpose of this thesis, as mentioned in the earlier chapters, the term "customer service" stands for :

"all activities which bind a corporation to its customers which are designed with two goals in mind, i.e operational effectiveness and customer satisfaction."

In this research, the definition of customer service as perceived by both the employees and customers of the Pilgrims Management and Fund Board was studied. The findings indicate that there is a consensus on the ultimate objective of customer service, i.e customer satisfaction, but there appears to be a wide variation in perception around what respondents considered a to be a full definition (see table 4.16 & table 4.17). This diversity in definition concurred with the findings by La Londe and Zinszer².

² Ibid.

4.4.1 Employees' Definition of Customer Service

Employees were asked for their response to the question
(see appendix 3.2 - Section B.2) : -

"In your organization is the term customer service
distinct from other sales efforts (e.g advertising,
personal selling and promotions)."

The results were : -

Table 4.13 : Distinction Between Customer Service and
Sales Efforts.

Value Label	Frequency	Percent
YES	40	49.4
NO	41	50.6
	81	100.0

Findings represented by table 4.13, indicated that the employees at the Pilgrimage Management and Fund Board were divided in their understanding of what the concept of customer service is. 49.4% of the employees perceived customer service to be an activity and a function of its own. While another 50.6% perceived otherwise. This has resulted to their differences in their level of awareness of the organization's customer service policy (Table 4.14).

Employees' awareness of customer service was measured as follows. They were asked to indicate their agreement or disagreement with likert responses to these statements (see appendix 3.2 - Section E) :

E.1 Employees of excellent companies are able to answer customers' queries without hesitation.

E.2 At excellent service companies, employees at all levels are able to attend to customer complaints without having refer to a higher authority.

E.3 Business transaction in excellent service companies is not time consuming.

E.4 Information flow in excellent service companies is efficient.

These statements were averaged to give a single dimension. Sub-groups of managers classified by rank/position in the organization gave the following results : -

Table 4.14 : Employees' awareness level of the customer service - by position (one-way anova).

Position	1	2	3	F - Ratio	F- Prob
Group Mean	4.33	3.821	3.62	6.74	0.0020

Where a higher mean score indicates a higher awareness of customer service in Luth. The customer service awareness of group 1 was compared with groups 2 and 3 using the one-way anova test in the SPSS package. The difference was significant at 0.0020 with group 1 being more aware.

Ironically, those lower down the hierarchy have much more customer contact and a greater chance to influence the customers' perception of service delivered. This has led to gap B ; where customers' and employees' perception of the service delivery process during transaction differs significantly at 0.000 level with the customers having lower perception than the employees. A detailed discussion on gap B will be carried later in this chapter.

Employees were invited to give their degree of agreement to the following statements (see appendix 3.2 - Section B3). Their Likert scale responses were averaged. Results were as follows : -

Table 4.15 : Employees' View on Customer Service

Statements	Mean	N
1.Competitive pressure is the most factor in setting the level of customer service.	4.04	80
2.The function of customer service is to report to top management.	3.62	81
3.Customer service should be a company philosophy rather than a set of activities.	4.46	81
4.Most firms do not understand what their customers want in customer service.	2.91	81
5.Customer service levels in most firms are set at a higher level than that necessary to provide customer satisfaction.	3.64	78
6.Customer service has an impact on the performance of a firm.	4.32	79
7.Customer service has an important impact on employee's motivation.	3.94	80

Key : 5 = Strongly Agree
 4 = Agree
 3 = Neither Agree Nor Disagree
 2 = Disagree
 1 = Strongly Disagree

Employees are clearly saying all the "right" things about customer service and are aware of its significance to the organization. This could be the direct result of the initiative undertaken by the Public Service Department in Malaysia to introduce the Total Quality Management programme in 1992 to public sector organizations. The Total Quality Management programme is used to integrate and consolidate quality and productivity improvement in the public sector in view of the challenges of rapid development.

We shall show later however, that employees' actions do not always indicate the same level of understanding and commitment.

4.4.2 : Comparison Between Employees' And Customers' Definitions

Employees were asked to define customer service. The researcher grouped like responses together to give the following list in descending order of times mentioned.

Table 4.16 : Employees' Definition

- 1.A total concept of fulfilling customer needs with an objective of customer satisfaction. (20 X) ***
- 2.A service that upholds the customer's satisfaction as the central determinant of a company's success. (15 X)
- 3.Giving an excellent service to satisfy the customer needs. (10 X)
- 4.Meeting point of customers' expectation and anticipation of service. (10 X)
- 5.It is a concept where the customers perceived the value of service given by the organization against the money spent by them. (8 X)
- 6.Giving the desired service deemed appropriate and fit to the intended customers as prescribed in the definition of service and to the best of the management's ability within the confinement of the prescribed job and cost as bestowed by the management. (6 X)
- 7.To give services to the customer under certain guidelines of the management with the objective of maximising customer needs. (5 X)
- 8.Front-line activities that are geared towards customer satisfaction. (3 X)
- 9.Activities which are geared towards giving prompt, efficient and effective service to the customers with an objective of maximising customer needs. (2 X)
- 10.The concept comprises all services provided to the customers, which are defined by an organization to enable it to satisfactorily fulfil the needs and wants of the customers. (2X)

**** (X) Number of times mentioned.

Although there is a general awareness of employees towards customer service and its importance to customer satisfaction, it is evident from table 4.16 that the employees of the Pilgrimage Management and Fund Board, Malaysia lack uniformity in their definition of what customer service is.

Customers were asked to define customer service. The researcher grouped like responses together to give the following list in descending order of times mentioned (see table 4.17).

Similar to the earlier findings of that of the employees, the customers' understanding of customer service diverse. These definitions seem to concur with that of Christopher H. Lovelock³ who has recognised the importance of front-office interactions to customer satisfaction. These diverse definitions of customer service indicate that there is no consensus as to what customer service is. But there is a basic understanding of what is the objective of customer service ; i.e customer satisfaction.

Analysis of these two tables (table 4.16 & 4.17) indicated that both employees and customers were in agreement with the ultimate objective of customer service; i,e meeting customer needs. But there were minor differences as how customer service should be delivered.

Therefore, there is no great educational need to convince either of the parties of the objective of customer service or its importance.

³ Lovelock, C.H (1983), "Classifying Services To Gain Strategic Marketing Insights," *Journal of Marketing* (Summer), pp. 9 -20.

Table 4.17 : Customer Definition of Customer Service

- 1.Customer service is providing or supplying the customers' needs based on both parties initial agreement. (26 X)
- 2.Activities undertaken to solve customer problems and to satisfy customer needs. (23 X)
- 3.Activities which maximises customer needs and wants.(20 X)
- 4.A holistic process to satisfy customer needs. (18 X)
- 5.Effort towards solving customers' problems. (15 X)
- 6.Customer service is services rendered to the customer to satisfy their needs taking into account the cost incurred by the by the service provider. (12 X)
- 7.Corporate activities aimed at making it easier for the customer to benefit from the product. (11 X)
- 8.Customer service is defined as services that are provided by a company which should meet the requirements, specifications, demands and expectations of the customer. (10 X)
- 9.Minimising unsolvable problems faced by customers from time to time. (9 X)
- 10.To satisfy customer needs according to their taste and preference. (8 X)
- 11.Services which maximise customers' satisfaction. (7 X)
- 12.Providing the needs of the customers as efficiently as possible. (7 X)
- 13.The customary art of giving value for money to the customer through good communication skills, courteous and maintenance of a prolonged relationship with the customer. (6 X)
- 14.Customer service is defined as a vehicle that can satisfy customers' needs and wants. (6 X)
- 15.Customer service is the provision of goods and services which could be measured by customers' expectations given that all constraints are considered. (5 X)

*** (X) Number of times mentioned.

4.5 FINDINGS FROM MODEL :

4.5.1 PRE-TRANSACTION PHASE

4.5.1.1 Influences on customer expectation

(a) Personality :

Many diverse activities of interest to marketers have been investigated with a priori assumption that they are related to personality⁴. It was felt that personality types may influence customers' expectation of customer service delivery with stronger personalities being more demanding than weaker ones.

The test for personality employed here is based on social-psychological personality theory, using the Horney paradigm⁵. Rather than merely listing a group of needs and traits, Horney attempted to provide a rationale for thinking in terms of three basic interpersonal configurations - compliant, aggressive and detached. These configurations according to Horney help to explain a person's perception of his social environment and his action tendencies towards the objects in his life space.

⁴ Moerager, J.P. (1979), "An Assessment of CAD - A Personality Instrument Developed Specifically for Marketing Research," Journal of Marketing Research, Vol. XVI (February), pp. 53 - 59.

⁵ Compliant people are dependent on other people for love and affection, and are said to move toward others. Aggressive people are motivated by the need for power, and move against others. Detached people are self-sufficient and independent, and move away from others. For a marketing level explanation of the Horney paradigm, see J.B Cohen, (1967), "An Interpersonal Orientation to the Study of Consumer Behaviour," Journal of Marketing Research, Vol. 4 (August), pp. 270-280.

For marketing research purposes, Cohen⁶ developed a research methodology using the Horney paradigm to explain some aspects of consumer behaviour. The CAD scale⁷ was used to measure predominant interpersonal orientation in a sample of consumers. Using Cohen's technique in this study, respondents are invited to state their degree of agreement with a range of statements. These statements were incorporated in the questionnaire completed by customers (see appendix 3.2 - section C) as follows : -

<u>Personality Category</u>	<u>Statements</u>
1. Compliant	2, 3, 9, 13, 17, 20, 25, 28, 32 and 35.
2. Aggressive	4, 7, 8, 11, 12, 14, 16, 18, 21, 23, 24, 26, 29, 31, and 33
3. Detached	1, 5, 6, 10, 15, 19, 22, 27, 30 and 34.

To position a respondent in one of the personality categories, each person receives a score for each category. Scores are obtained by summing their likert-scale responses over the number of items within each category. Classification on personality types will be based on the sample mean. Its computation is as follows:

⁶ Cohen, J.B., (1967), "An Interpersonal Orientation to the Study of Consumer Behaviour," *Journal of Marketing Research*, Vol. IV (August), pp. 270-8.

⁷ The CAD scale is a 35-item Likert scale developed by Cohen. The scale and scoring procedure appear in Cohen, J.B., (1967), "An Interpersonal Orientation to the Study of Consumer Behaviour," *Journal of Marketing Research*, Vol. IV (August), pp. 270 - 278.

(a) compute compliant = (C2 + C3 + C9 + C13 + C17 + C20
+ C25 + C28 + C32 + C35)

compliant mean for total population = 44.012

if (compl less than 44.012), label as group 1 (i.e less compliant)

if (compl greater than 44.012), label as group 2 (i.e more compliant)

(b) compute aggressive = (C4 + C7 + C8 + C11 + C12 + C14
+ C16 + C18 + C21 + C23 + C24 +
C26 + C29 + C31 + C33)

aggressive mean for total population = 45.718

if (aggressive less than 45.718), label as group 1 (i.e less aggressive)

if (aggressive greater than 45.718), label as group 2 (i.e more aggressive)

(c) compute detached = (C1 + C5 + C6 + C10 + C15 + C19 +
C22 + C27 + C30 + C34)

detached mean for total population = 33.776

if (detached less than 33.776), label as group 1 (i.e less detached)

if (detached greater than 33.776), label as group 2 (i.e more detached).

Customer expectations were quantified as follows :

Statements Pertaining To The Dimensions of Customer Service (Appendix 3.4 & 3.6) :

1. Awareness of the customer service policy by the employees.
- F1, F2, F3 & F4.
2. Organizational factors (credibility, security & access)
- F9, F10, F11, F12, F13, F14 & F18.
3. Effectiveness of promotion and advertisement
- F 26, F27 & F28
4. Understanding of the customer by the company staff
- F15, F16, F22, F23, F24 & F25.

5. The effectiveness of interpersonal skills
- F17, F19, F20 & F21
6. Quality of tangibles and physical surroundings
- F5, F6, F7 & F8
7. Effectiveness of communication with customers
- F29, F30 & F33
8. Value for money experienced by the customer
- F31 & F32
9. Effectiveness of logistics
- F34, F35, F36, F37, F38 and F39
10. Effectiveness of after-sales service
- F40, F41, F42, F43 & F44

To compute customers' expectation, for each respondent the mean value of their scale response to each of the above dimensions is calculated to give a "dimension mean". The individual dimension means are then averaged across all respondents in any given category.

Then for each personality category the stronger level is tested for significance against the weaker level using t-test groups. The results are :

Table 4.18 : Summary results of hypothesis testing - the significance of personality types with customers' expectation of customer service delivery.

Personality Type	Findings
Compliant	(1) n = 82, mean = 4.0249, sd = 0.415 (2) n = 71, mean = 4.2412, sd = 0.375 t - value = - 3.38 , sig = 0.001
Aggressive	(1) n = 70, mean = 4.2123, sd = 0.352 (2) n = 87, mean = 4.0651, sd = 0.436 t - value = 2.34 , sig = 0.020
Detached	(1) n = 72, mean = 4.1271, sd = 0.384 (2) n = 84, mean = 4.1075, sd = 0.425 t - value = 0.30 , sig = 0.762

The above results indicated that for the compliant group the difference was significant at 0.001, with group 2 showing the higher expectation. For the aggressive group the difference was again significant at 0.020 with group 1 showing the higher expectations. For the detached group there was no significant difference.

It is interesting to note that, the weaker group of personalities (high compliant and less aggressive) show greater expectations than the stronger ones which is the reverse of our original assumption. The moral is therefore clear that all customers have expectations and management must gear up to meet them. It will not be sufficient only to meet the needs of the stronger personalities. But using the expectation of the weaker personalities as a target will automatically cover the strong personality types. This has implication for the structure of any customer surveys which may be used for policy setting or training.

Conclusion : Accept Hypothesis H.1. There is a significant differences in customer's expectation of customer service delivery based on personality types but noting that the effect appears to be an inverse relationship.

(b) Values :

Rokeach⁸ has argued convincingly for the importance of values as determinants of human behaviour observing that they are "multifaceted standards that guide in a variety of ways"⁹. Values are regarded as the most abstract type of social cognitions that help to understand the interpersonal world, and whose primary function is to guide the individual's adaptation to surrounding circumstances¹⁰ It would be interesting to test the significance of a range of values to customer expectation.

This test utilized the 17 standard Rokeach values. (For a detailed description; see appendix 3.4 - Section C.2). Although attention has been given to the methodology associated with Rokeach's instrument, Brathwaite and Law¹¹ provide support that the measured values reflect an accurate account of the full range of values, adding considerable strength to the argument of Rokeach and

⁸ Rokeach, M. (1973), "The Nature of Human Values," New York : The Free Press.

⁹ Ibid.

¹⁰ Kahle, L.R., Beatty, S.E., and Homer, P.M., (1989), "Consumer Values in Norway and the United States : A Comparison," Journal of International Consumer Marketing 1, pp. 81 - 91.

¹¹ Brathwaite, V.A. and Law, M.G. (1985), "Structure of Human Values : Testing the Adequacy of the Rokeach Value Survey," Journal of Personality and Social Psychology, 9, pp. 250 - 263.

Ball-Rokeach that the survey allows us "to measure values in a manner that....faithfully reflect (s) the phenomenological reality of people engaging in value choice behaviour".¹²

Respondents were presented with values and asked to rank order these values in order of their importance as guiding principles in their own lives. For each value all the different numerical order positions assigned by the respondents are averaged (1 being the highest position and 17 the lowest).

Each respondent's rank order score for a particular value is compared with the overall value mean of rank order positions for that value. Where the individual score is less than the mean (i.e the value is ranked higher), the respondent is assigned to group 1. Where the individual score is greater than the mean (i.e the value is ranked lower) the respondent is assigned to group 2. For each value the expectation of group 1 is then tested for significance against the expectation of group 2. Details of the findings are as follows :

¹² Rokeach, M and S.J Ball-Rokeach, (1989), "Stability and Change in American Value Priorities : 1968 - 1981," American Psychologist Vol. 44, pp. 775 - 784.

Table 4.19 : Summary results of hypothesis testing - the significance of values on customers' expectation of customer service delivery.

Values	Findings
Mature Love	(1)n= 75, mean = 4.1897, sd = .388 (2)n= 67, mean = 4.0441, sd = .414 t - value = - 2.15, sig. = 0.033
self-respect	(1)n= 49, mean = 4.2377, sd= 0.370 (1)n= 95, mean = 4.0619, sd= 0.410 t - value = - 2.60, sig. = 0.011
Exciting Life	Not significant (0.154)
Sense of Accomplishment	Not significant (0.537)
World at peace	Not significant (0.507)
World of Beauty	Not significant (0.067)
Equality	Not significant (0.298)
Family Security	Not significant (0.713)
Freedom	Not significant (0.317)
Happiness	Not significant (0.913)
Inner Harmony	Not significant (0.344)
National Security	Not significant (0.625)
Pleasure	Not significant (0.341)
Salvation	Not significant (0.098)
Social Recognition	Not significant (0.892)
True Friendship	Not significant (0.677)
Wisdom	Not significant (0.965)

The above results indicate that customers who value mature love have a higher expectation than those who do not. The significance level is at 0.033. Translated into customer service delivery, a customer valuing mature love could mean they expect greater care and understanding of the customer. A test on customers' expectation and the managements' perception of customers' expectation in reference to the above dimension; i.e understanding of the customer by company staff was carried out.

In computing the customers' expectation based on the dimension , "Understanding of the customer by the company staff", the following statements were considered ; F15, F16, F22, F23, F24 & F25 (see appendix 3.4 - section F). For each customer the mean value of their scale response to each of these statements is calculated to give a dimension mean. The individual dimension means are then averaged across all customers to give a single expectation on this category. For the purpose of this test, customers are identified as group 1.

In computing the employees' perception based on the dimension , "Understanding of the customer by the company staff", the following statements were considered ; E15, E16, E22, E23, E24 & E25 (see appendix 3.2 - section E). For each employee the mean value of their scale response to each of these statements is calculated to give a dimension mean. The individual dimension means are then averaged across all employees to give a single perception on this category. For the purpose of this test, customers

are identified as group 2. Then using t-test group, the mean of group 1 is compared with the mean of group 2. Results were as follows (see table 4.20). Customers' expectation is significantly greater than the employees perception of that expectation at 0.010 level.

Table 4.20 : Summary results - the significant difference between customers' expectations and the managements' perceptions' of expectation on the factor of Understanding of the customer by company staff.

Dimensions	Findings : (1) Customers (2) Employees
Understand of customer	(1) n = 172, mean = 4.170, sd = 0.039 (2) n = 81, mean = 3.946, sd = 0.690 t - value = 2.3, sig. = 0.010

Self-respect is an important value in customer service delivery. Customers' with greater sense of self-respect have a higher expectation than those do not, at a significant level of 0.011 (see table 4.19). Its importance cannot be denied based on the fact it ranks second in the order of priority.

It is a reasonable assumption that a customer who values self-respect highly would not wish to experience a customer service transaction where lack of respect is evident. The lack of self-respect is evident in this organization; when asked about his experience of the service rendered by Luth officers, a lecturer at a local institution has got this to say :

In the earlier years, Luth officers and staff were more courteous and polite. Move overtime now, Luth Officers and staff have lost respect to their customers and have become more arrogant. A particular Director from the state of is high handed and sheer rude.

Conclusion :

On the face of it we could say accept Hypothesis H.2. There is a significant differences in customer's expectation of customer service delivery based on value systems. However, only 2 values out of 17 showed significant results. This could lead to the view that values in Malaysia as whole do not present a substantial barrier to the transfer of western customer service ideas.

(c) Demographic Factors

In chapter 2 it was argued that demographics are said to link to customers' level of sophistication. The work of Peterson¹³ supported the relationship between demographics and product usage. It would be interesting to test whether there are any significant gender and marital status differences when measuring expectations.

Age could also be a determinant of customer expectation. In the Malaysian context, it would be interesting to assess whether customers in the lower age-band who grew up under the New Economic Policy have a higher expectation than the older generation.

¹³ Peterson, R.A., (1975), "Moderating the personality-product usage relationship," in R.C Curhan (ed). Proceedings of the American Marketing Association.

Other determinants of higher expectation could be educational level, income level and dwelling area (in terms of urban versus rural domicile).

In order to test the significant level of these factors to customer expectation a t-test group and one-way anova were utilised as shown in table below (table 4.21).

As before the mean expectation of a subgroup is compared with the expectation of its comparator (s) and differences tested for significance.

Table 4.21 : Summary results of hypothesis testing - the significance of demographics on customers' expectation of customer service delivery

Factor	Comparator	Test	Results
Gender	Male vs. Female	t-test group	not significant
Age	> 40 vs. < 40	t-test group	not significant
Marital Status	Married vs. Single	t-test group	not significant
Educational Level	(Primary & Secondary) vs. University	t-test group	not significant
Income Level	> 200 vs. > 1000 vs. > 3000	One-way Anova	not significant
Dwelling Area	Urban vs. Rural	t-test group	significant (0.000)

The test results showed that hypotheses H3.1 through H3.5 are to be rejected. Customer's gender, age, marital status, educational level and income level do not have a significant effect upon customers' expectation. But the results do suggest there is an influence of dwelling area (see table 4.22).

Table 4.22 : Summary result of hypothesis testing : the significance of customers' expectation of customer service delivery based on dwelling area.

Dwelling Area	Findings
1. East Coast (rural)	n = 93, mean = 4.22, sd. = 0.377
2. West Coast (urban)	n = 71, mean = 3.96, sd. = 0.435
	t value = 4.01, sig. level = 0.000

The fact that the rural group have higher expectations although coming from what might be thought to be a less sophisticated environment is, at first sight, surprising.

The various dimensions which go to make up customer service delivery (see chapter 2 : pages 30 - 31) were then investigated for rural/urban differences with the following results (see table 4.23)

Table 4.23 : Customers' customer service expectation by dimensions based upon dwelling area.

Dimensions	Findings
	(1) Rural - East Coast (2) Urban - West Coast
Awareness of Policy	(1) n = 98, mean = 4.24, sd. = 0.531 (2) n = 78, mean = 3.91, sd. = 0.604 t - value = 3.85, sig. = 0.000
Organ. Factors	(1) n = 98, mean = 4.28, sd. = 0.444 (2) n = 80, mean = 4.053, sd. = 0.600 t - value = 2.86, sig. = 0.000
Promo. & Advert.	(1) n = 99, mean = 4.23, sd. = 0.479 (2) n = 75, mean = 3.97, sd. = 0.539 t - value = 3.38, sig. = 0.001
Under. of Customer	(1) n = 97, mean = 4.27, sd. = 0.435 (2) n = 75, mean = 4.03, sd. = 0.557 t - value = 3.17, sig. = 0.002
Inter. Skills	(1) n = 98, mean = 4.29, sd. = 0.452 (2) n = 80, mean = 4.04, sd. = 0.567 t - value = 3.22, sig. = 0.002
Tangibles & Physical	(1) n = 97, mean = 4.05, sd. = 0.612 (2) n = 80, mean = 3.79, sd. = 0.566 t - value = 2.90, sig. = 0.004
Effect. of Communication	(1) n = 99, mean = 4.16, sd. = 0.496 (2) n = 75, mean = 3.95, sd. = 0.405 t - value = 3.13, sig. = 0.002
Value for money	(1) n = 99, mean = 4.28, sd. = 0.544 (2) n = 76, mean = 4.01, sd. = 0.591 t - value = 3.08, sig. = 0.002
Effect. of logistics	(1) n = 96, mean = 4.18, sd. = 0.419 (2) n = 80, mean = 3.86, sd. = 0.489 t - value = 4.65, sig. = 0.000
After-sales service	(1) n = 98, mean = 4.25, sd. = 0.459 (2) n = 80, mean = 3.96, sd. = 0.515 t - value = 3.90, sig. = 0.000
Total Expectation	(1) n = 93, mean = 4.22, sd. = 0.377 (2) n = 71, mean = 3.96, sd. = 0.435 t - value = 4.01, sig. = 0.000

This detailed breakdown confirms the overall findings from table 4.22. There is no discrimination between dimensions which suggests we must look for a more general explanation.

This could be attributed to the fact that customers from the west coast who are more affluent and exposed to higher standards of service quality from the private sector have lower expectations of the service provided by a government agency.

Technically H3.1 through H3.5 are rejected and H3.6 is accepted. However, the bulk of demographic influences do not correlate significantly with expectations and one is forced to the view that demographic factors are not a major influence. This is another piece of evidence that, although demographic factors are different in different parts of the world, they are unlikely to be a substantial barrier to the transfer of western views on customer service into Malaysia.

(d) Media Exposure

It is postulated that customers' media exposure influences their expectation of customer service delivery, where higher media exposure is deemed to dictate higher expectations. The computations of media exposure are as follows :

(i) number of hours viewing television (see appendix 3.4 - Section D3.C) :

Example :

if viewing hours \geq 10 < 20 hrsview = 1 (low)
if viewing hours \geq 20 < 30 hrsview = 2 (moderate)
if viewing hours \geq 30 hrsview = 3 (high)

The mean expectations of each groups 1,2 & 3 were compared and differences tested for significance using one way anova.

(ii) type of magazine read (see appendix 3.4 - Section D2) :

Example :

Compute magazine score : three factors of exposure are analyzed :

- a. read
- b. receive
- c. read deeply

Scoring on a 1,2,3 scale was done as follows :

	Score 1	Score 2	Score 3
Read	Never	Occasionally	Regularly
Receive	Occasionally	Weekly	Daily
Depth of reading		Skim Over	In-Depth

Calculate mean score from all respondents in respect of each named magazine.

Place a respondent in a group :

- a. respondents score less than mean = group 1
(lower exposure).
- b. respondent score greater than mean = group 2
(higher exposure).

The expectations of group 1 and group 2 were compared and difference tested for significance using t-test groups.

(iii) type of newspaper read (see appendix 3.4 - Section D1) : the same mechanism as magazine applies.

For results see table 4.24.

Table 4.24 : Summary results of hypothesis testing - significance of media exposure to customers' expectation of customer service delivery.

No.	Research Hypotheses	Perception
(a)	There is a significant difference in customers' expectation of customer service delivery based on the number of hours of viewing television.	not significant
(b)	There is a significant difference in customers' expectation of customer service based on type of magazine read.	not significant
(c)	There is a significant difference in customers' expectation based on the type of newspaper read.	not significant

Discussion :

This finding does not concur with the earlier test results of Parasuraman et. al¹⁴ which stated that firms' communications with their customers affect their expectations of service quality.

Advertisements may suggest to customers that they will receive more in the service encounter than they do in reality, or, than they expected in the first place¹⁵. Alternatively, they may create expectations that the organization cannot completely satisfy¹⁶.

¹⁴ Parasuraman, A., V.A Zeithaml and L.L Berry, (1985), "A Conceptual Model of Service and its Implication for Future Research," Journal of Marketing, (Spring), pp. 41 - 45.

Zeithaml, V.A., A. Parasuraman and L.L Berry, (1990), "Delivering Quality Service," New York : The Free Press.

¹⁵ Pitt, L.F and Jeantrout B., (1994), "Management of Customer Expectations in Service Firms : A Study and a Checklist," The Service Industries Journal, Vol.14, No.2 (April), pp. 170 - 189.

¹⁶ Ibid.

This could be attributed to the fact that promotion and advertisement have low priority at Luth. When asked to comment, an officer at the Pilgrims Management and Fund Board said :

"We are providing a service which is fardu (obligatory) in Islam. It is not our responsibility to woo them to perform Haj. It is out of their own consciousness to come to us. Our duty is to ensure that they are able to perform haj which is mabrur (complete). Therefore, promotion and advertisement is of a lesser priority to us."

Another reason for this result could be the low response rate to this section of the questionnaire. Most respondents were reluctant to participate in this section saying services to Mecca do not entail the purchase of tangible goods or other secular service.

However "not proven" is probably a more prudent position to take in view of the fact that Luth does not use media to promote its services. A definite finding on this topic in Malaysia must await a study of an organization which does promote via the media.

Conclusion :

Based on the results, hypothesis H4 is therefore rejected. There is no significant difference in customers' expectation on customer service delivery based on media exposure.

(e) Level of Competition :

It could be argued that a monopoly supplier situation could create feelings of indifference in customers. If there is nowhere else to go there would be no point in building up expectations higher than that can be met from the monopoly.

In this research, it is decided to test whether there is any significant difference in customers' expectation of customer service based on their perception of the need for competition for Luth. Customers were asked the following questions (see appendix 3.4 - Section E.5) :

"Do you think competition is necessary for this kind of service ?"

Customers who responded with a Yes, are classified into group 1, while those giving a No answer are categorised into group 2. Then, the mean expectations of both groups are compared for significant difference using t-test groups. Results are depicted as follows :

Table 4.25 : Summary result of hypothesis testing - The significant of customers' expectation of customer service delivery based upon their perception on the need for competition.

Group	Findings
1	n = 72, mean = 4.1271, sd. = 0.384
2	n = 84, mean = 4.1075, sd. = 0.425 t - value = 0.30, sig. = 0.762

Results :

Results from a t-test group indicated an insignificant difference between the expectations of those believing competition was necessary and those believing it was not.

It could be implied here that due to the religious connotation of the service customers feel commercial emphasis of customer service is inappropriate.

Alternatively, it could be attributed to the fact that customers are in a captive market and there is no basis of comparison to be made for the quality of customer service delivered. Nevertheless overall expectation remain high and are not met fully (see Gap A page 151).

Conclusion :

Luth should not come to the conclusion, therefore, that it can hide behind its monopoly status and do little about customer service.

(f) General Comment :

Understanding customer expectations is a prerequisite for delivering superior service; customers compare perceptions with expectations when judging a firm's services¹⁷. From the Malaysian experience, there are various key factors that lead to the formation of expectations but their impact is minimum and sometimes correlates in an inverse manner.

An important idea here would be how little actually these factors affects expectation from a range of things which might be thought to be situation/culture specific. This could suggest the barriers to the spread of the western concept of customer service are low.

¹⁷ Parasuraman, A., Berry, L.L and Valaries, V.A., (1991), "Understanding Customer Expectations of Service," Sloan Management Review, 39, Spring.

4.5.1.2 Influences on Employees' Perception :

(a) Organizational climate

Organizational climate is a set of descriptive characteristics that differentiate an organization from other organizations and influence the behaviour of the individuals in the organization¹⁸. It is particularly important in organizations that provide services¹⁹.

Employees' perception of the organizational climate will be reflected in the service delivery process. For service quality to be satisfactory, customer contact personnel must be willing and able to perform the services²⁰. This is contingent upon their perception of the organizational climate in their organization. As mentioned in chapter 2, Cannie and Caplin²¹ have identified the following key factors as measures to evaluate an organization's climate when aimed at customer driven service; customer orientation, management climate, cooperation/integration and attitude and skills.

What the researcher set out to measure here is whether there is any significant difference in employees' perception of customer service delivery based on their perception of organizational climate.

¹⁸ Johannesson, Russell E., (1973), "Some Problems in the Measurement of Organizational Climate," Organizational Behaviour and Human Performance 10 : pp. 118 - 144.

¹⁹ Schneider, Benjamin. (1986), "Notes on Climate and Culture," in Creativity in Services Marketing : What's New, What Works, What's Developing. M. Venkatesan, Diane M. Schmalensee, and Claudia Marshall eds., American Marketing Association, Chicago, pp. 63 - 67.

²⁰ Berry, L.L, Zeithaml, V.A and Parasuraman, A., (1985), "Quality Counts in Services too," Business Horizon, May - June.

²¹ Cannie, J.K and Caplin, D. (1991), "Keeping Customers For Life," American Management Association, New York.

Employees were asked to respond to a series of likert scale statements (see appendix 3.2 - section C) under sub-headings of customer orientation, management climate, cooperation/integration and attitude and skills which make up the organizational climate dimension. To compute the employees' perception of organizational climate, for each respondent the mean value to each of the above dimensions is calculated to give a "dimension mean". The individual dimension means are then averaged across all respondents in that category. Using the mean, the employees are identified into two groups :

(i) if employees' response is less than the mean, they are identified as group 1; i.e the group that felt the organizational climate is not customer driven.

(ii) if employees' response is greater than the mean, they are identified as group 2; i.e the group that felt the organizational climate is customer driven.

As before, using the mean perceptions' of each group the significant difference is tested utilising the t-test group. Results of this test is depicted in table 4.26.

Table 4.26 : Summary results of hypothesis testing - the significant difference in employees' perception of customer service based upon their perception of organizational climate.

Organizational Climate	(1) n = 40, mean = 3.92, sd = .572 (2) n = 26, mean = 3.91, sd = .740 t - value = -0.05, sig. = 0.957
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Results :

There is no significant difference in employees' perception of customer service delivery based upon their perception of the organizational climate.

Discussion :

This result does not concur with the findings of Schneider and Bowen²². Results of their study show that employees' perceptions about both service climate and Human Resources Management experiences within their organization get reflected in how customers experience service. This supports their contention that when an organization promotes a quality atmosphere for service and for its employees, these efforts will be reflected in positive customer experiences also. In other words, when service is promoted through practices and procedures , and when Human Resources Management is more positive on the kinds of issues assessed, then customers are likely to report they receive positive service experiences.

²² Schneider, B. and Bowen, D.E , (1994), "The Service Organization : Human Resources Management Is Crucial," Vol. 21, Issue 4 , pp. 39 - 52.

Schneider and Bowen²³ also point out that managers, in the pursuit of service quality, need to create two related , but different climates: a climate for service and a climate for employee well-being. The first requires practices such as systems and logistics support, while the second focuses on meeting the needs of employees through quality Human Resources Management practice. This, in the researcher's opinion is lacking at LUTH.

But at the Pilgrims Management and Fund Board the climate for employee well-being is not present. From table 4.26, it can be concluded that 60 % of the employees' felt that their organizational climate is not customer driven.

To re-affirmed this findings, a correlation test was undertaken between organizational climate and customer orientation, management climate, cooperation / integration, attitude and skills (see table 4.27). From the results it can generally be concluded that at Luth, the organizational climate is not customer driven. customer orientation is negatively related to organizational climate. But management climate correlates positively with organizational climate. This can be implied that the management of Luth values the importance of being customer driven. This arguement is well supported in the precceding discussions. The contention is that employees higher in the hierarchy are more sensitive towards customer service.

²³ *ibid.*

customer service.

Table 4.27 : Correlation of Organizational Climate

Organizational Factors	Organizational Climate
Customer Orientation	- 0.0459
Management Climate	0.0457
Cooperation/Integration	0.0698
Attitudes and Skills	0.2240

It also can be deduced from the above that employees at the Pilgrims Management and Fund Board do not have a positive attitude towards organizational climate as their mental set is very much influenced by the proposition that this firm is a government agency and operates in a monopoly. Malays traditionally value government activity and government office as superior to either business or the professionals²⁴.

This finding concurs with the findings of Congram and Friedman²⁵, who in their attempt to describe the ten most important characteristics of successful service firms, refer to the role and importance of employees three times : employees who fulfil the organization's service promise to customers; employees who are empowered to assist customers in any way and sometimes in ways that go beyond the call of duty; and employees who believe in what the

²⁴ Puthucheary, M. (1978), "The Politics of Administration - The Malaysian Experience," Kuala Lumpur : Oxford University Press.

²⁵ Congram, C.A and Friedman, M.L. (Eds)(1991), "The quality-leadership connection in service business", The AMA Handbook of Marketing for the Service Industries, Vol. 5.

organization stands for. It appears from the latter that the degree to which an employee identifies with the service organization and its objectives will have an important bearing on his or her behaviour during the service encounter²⁶.

(b) Individual Differences :

The difficulties of monitoring quality when product is a service points up the importance of the people involved. We speculated that personal attributes of gender, age, education and length of service and position and salary may correlate with significant differences in employees perception of customer service delivery.

Using t-test groups and on-way anova, we compare employees perception of customer service against their individual characteristics (table 4.28).

As before the mean perception of a sub-group is compared with the perception of its comparator (s) and differences tested for significance.

²⁶ Boshoff, C. and Mels, G. (1995), "A Causal model to evaluate the relationships among, supervision, role stress, organizational commitment and internal service quality" European Journal of Marketing, Vol 29 No.2, pp. 23 - 42.

Table 4.28 : Summary results of hypotheses testing : The significance of individual differences upon employees' perception of customer service.

Factor	Comparator	Test	Results
Gender	Male vs. male	t-test group	Not Significant
Age	Below 30 vs. 31- 40 vs. Above 40	one-way anova	Not Significant
Marital Status	Married vs. Single	t-test group	Not Significant
Educational Level	Primary Vs. University	t-test group	Significant (0.002)
No. of Years Working	Less than 10 yrs. vs. above 10 years	t-test group	Not Significant
Position	Manager vs. Officer vs. General Staff	one-way anova	Significant (0.0047)
Salary	Below RM 1000 vs Above RM 2000 vs Above RM 3000	one-way anova	Significant (0.0095)

Results :

Results indicated that there is no significant difference in employees' perception of customer service delivery based upon gender, age, marital status and number of working years. But employees' position, salary and educational level do show a significant difference, where employees with university education have a higher perception at 0.002 level than those do not. As position and salary are auto-correlated, results indicate employees in managerial position and higher salary band have higher perception than lower ranking officer at significant level of 0.004 and 0.009 respectively.

Discussion :

(1) Educational Level :

The level of education attained by employees contributes to differences in their perception of customer service delivery. Employees with a university education have a higher perception of customer service delivery being delivered than those who do not at a significant level of 0.002 (see table 4.29).

Table 4.29 : Summary of hypothesis testing : There is a significant difference in employees' perception of customer service based on educational level.

Educational Level	(1) primary & secondary (2) University
	(1) n = 32, mean = 3.6506, sd. = 0.563
	(2) n = 49, mean = 4.0691, sd. = 0.601
	t - value = - 3.18, sig. = 0.002

These findings concur with earlier results in the field of auditing, where experience and education is thought to be very important in the development of an "auditing attitude".

What is this auditing attitude without which no man can attain real success in auditing ? It is a combination of education, experience, and judgement which provides a frame of mind, a point of view towards his work, that enables an auditor to appraise his problems accurately and to attack them effectively²⁷.

²⁷ Mautz, Robert K. (1964), "Fundamentals of Auditing," New York : John Wiley & Sons, pp. 1 - 2.

To strengthen this argument on the contribution of educational level to employees' perception a t-test group was administered against employees' awareness of the customer service policy (table 4.30). Results indicated that employees with university education have better awareness at a significant level at 0.000.

Table 4.30 : The significance of employees' educational level on awareness of the customer service policy.

Educational level	(1) Primary & Secondary (2) University (1) n = 32, mean = 3.4766, sd. = 0.614 (2) n = 49, mean = 4.1633, sd. = 0.657 t - value = - 4.79, sig. = 0.000
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This denotes the customer service philosophy has not trickled down to the employees. This is also evident through the interview with the Quality Division Manager who stated the followings :

"Customer Service & Quality is a new thing. It was introduced in early 1993, no proper induction course and training has been undertaken. It was made known to the employees through posters pasted at each department and printed through in-house bulletins".

(ii) Effect of Employees' Position :

Employees' position in the organizational hierarchy will exhibit a difference in their perception of customer service delivery at a significant level of 0.0047 (see table 4.31). Senior managers have a higher perception of customer service when compared with officers and general staff. This indicates that the customer service objectives and philosophy have not been fully communicated to employees in the lower ranks.

Table 4.31 : Summary of hypothesis testing : The significance of position on employees' perception of customer service delivery.

Position	1	2	3	F - Ratio	F- Prob
Group Mean	4.27	3.79	3.74	5.75	0.0047

Key : 1 - Senior Managers

2 - Officers

3 - General Staff

(iii) Salary Level

Employees' salary level does have a significant effect upon employees' perception of customer service delivery (see table 4.32). The pairs of groups are significantly different at the 0.009 level. Group 3 has higher perception than groups 1 & 2. This is closely related to hypothesis H8.6 which states that position in the hierarchy leads to a higher perception of customer service delivery. Position and salary are positively related.

Table 4.32 : Summary of hypothesis testing : the significance of salary level on employees' perception of customer service delivery.

Salary Level	1	2	3	F - Ratio	F- Prob
Group Mean	3.68	3.74	4.14	4.94	0.0095

(c) Organizational offer:

Apart from individual differences and organizational climate, management's perception of the organizational offer might also differentiate the employees' perception of customer service delivery.

The term offer refers to practices and procedures which are in place to facilitate the delivery of excellent service. Dimensions used to measure the offer were formulated by the researcher (based upon transactions at Luth) as follows (see section D - appendix 3.2) :

- a) Service affordability
- b) Payment Scheme
- c) Price competitiveness
- d) Availability of service
- e) Waiting time
- f) Service efficiency & effectiveness
- g) Value for money
- h) Corrective service.

Employees were asked to assess several likert scale statements in reference to the above. To compute employees' perception of offer, for each respondent the mean value of their scale response to each of the above dimensions is calculated to give a "dimension mean". The individual dimension means are then averaged across all respondents in a any given category. If the employees were placed below the mean, they were categorised as group 1 and those above the mean were labelled as group 2. Group 1 were employees who felt that the offer was not attractive and convenient to the customers, while group 2 felt otherwise.

These groups were then tested for significant difference on their perception of customer service delivery based on the mean perception of these groups. Results are depicted in table 4.33.

Results :

Test results indicated that there is a significant relationship between organizational offer and managers' perception of customer service delivery at 0.033 (see table 4.33).

Table 4.33 : The significance of organizational offer on employees' perception of customer service delivery.

Organizational Offer	(1) n = 31, Mean = 3.7152, sd. = 0.522
	(2) n = 42, Mean = 4.0193, sd = 0.673
	t-value = -2.17, sig = 0.033**

Employees who felt that the offer was attractive and convenient to customers (represented by group 2), have a higher perception of customer service delivery than those who do not (represented by group 1). These findings concur with that of Cunningham and Roberts²⁸ (who examine the role of customer service in industrial marketing) found it meaningful to categorise the service factors according to whether they are convenient or reliable.

Conclusion :

There is a danger here ; if being impressed by the offer actually causes employees to be less critical of customer service delivery. The correlation shown in table 4.33 would be bound to occur, but employee may be deluding themselves with regard to the intrinsic level of service being delivered.

²⁸ Cunningham, M.T and Roberts, D.A., (1974), "The Role of Customer Service in Industrial Marketing," European Journal of Marketing, Vol. 8, pp. 15 - 38.

(d) Overall Linkage :

So far correlation have been explored between single factors. It was felt to be interesting to explore which were the major factors which could explain employees perception of customer service delivery in total. Multiple Regression (Stepwise Method) was carried with results exhibited in table 4.34.

Clearly employees' gender, length of service and salary level are the determinants of employees' perception of customer service delivery with R^2 and adjusted R^2 0.24099 and 0.20104 respectively, and an F for the overall model test of 6.03246, significant at 0.003. But the length of service indicated a negative correlation with employees' perception. This reaffirmed the earlier findings where the customer service concept not inculcated fully to the employees of Luth; where senior employees were much more concern with running the organization as a government agency and not as a service provider.

Table 4.34 : Results of Multiple Regression On Employees' Perception.

MULTIPLE REGRESSION			
Dependent Variable : Employees' Perception			
Multiple R	0.49090		
R ²	0.24099		
Adjusted R ²	0.20104		
Standard Error	0.61676		
	Degrees of Freedom	Sum of Squares	Mean
Square Regression	4	9.179	2.295
Residual	76	28.909	0.380
F = 6.03246	Significance of F = 0.003		
Variables in the equation			
Variable	Coeff. B	T statistics	Sig.
Sex	0.302718	2.021	0.0469
Marital Status -	0.384889	- 1.761	0.0823
No. of Years -	0.222867	- 1.983	0.0563
Salary Level	0.141050	4.006	0.0001

4.5.1.3 : Management actions to Influence Customers' Expectation.

The monopoly supplier situation happened by chance rather than being deliberately created by management. But it would be interesting to investigate the effect of a monopoly supplier on customers' expectation.

Customers were asked the following questions (see appendix 3.4 - Section E1) :

"Does any company enjoy a monopoly in the various aspects of performing the Haj ?"

Customers who responded with a Yes, are classified into group 1, while those giving a No answer are categorised into group 2. Then, the mean expectations of both groups are compared for significant differences using t-test groups. Results are depicted as follows :

Table 4.35 : Summary results of hypothesis testing : The significant difference on customers' expectation of customer service based upon their perception on the effect of monopoly on this service.

E1	(1) n = 58, mean = 4.1403, sd. =.379 (2) n = 94, mean = 4.1147, sd. =.432 t - value = 0.38, sig. = 0.701
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Test results indicate no significant difference between groups on the effect of monopoly on customers' expectation. This could be due to the fact that ; where the choice element is not present then there is no basis for comparison. Secondly, it could be attributed to the nature of the service which is religious. Thus, under this view, customers do not take a hypercritical attitude.

Although, the firm is operating in a monopoly situation management do take steps to create a quality service.

In this research, an assessment was made on the managements' action to create quality service through GAP B (the difference in customers' and employees' perception of the service delivery process during transaction). Dimensions used to evaluate this criteria is stipulated in chapter 2, pages 30 - 31.

In the management's effort to promote the service offer, information was disseminated through the following measures :

1. Annual Report
2. Press Statement
3. In-House Bulletin
4. Slide Presentation
5. Posters
6. Exhibitions

In order to test for the effectiveness of these promotional efforts, a t-test group undertaken to compare customers and employees' perception on promotion during the transaction process. Test results indicated the followings :

Table 4.36 : Customers and Employees' Perception of Promotion.

Promotion	Groups : (1) Customers (2) Employees (1) n = 128, mean = 3.3750, sd. = .947 (2) n = 81, mean = 3.9012, sd. = .682 t - value = - 4.66, sig. = 0.000
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Results from the test showed that employees' perception of the effectiveness of promotion is much higher than that of the customers at 0.000 level. Thus, it can be concluded , although the management of Luth has the intention to influence customers' expectation of the service quality, but the ineffectiveness of its promotional methods has not been able to convey its message to the customers. This could be one of the reasons that lead to Gap A (the difference between customers' expectation and employees' perception of customers' expectation).

4.5.1.4 : Analysis of Customers' Expectation versus Employees' Perception of that Expectation (Gap A).

In the delivery of quality customer service, it is important to know what customers' expect. Friedman²⁹ highlighted that one of the successful characteristics of service firms is employees who are able to fulfil the organization's service promise to its customers. Any failure to do so would cost the firm money, time, resources and even having to lose a customer's business to the competitor.

In chapter 2 we defined Gap A as the difference between customers' expectations and the employees' perception of customers' expectation.

To compute Gap A, the total mean of customers' expectation (see appendix 3.4 - Section F) is compared against total mean of employees' perception (see appendix 3.2 - Section E) using t-test groups. Results of the test showed as depicted in table 4.37. To reaffirm the findings of this table, in figure 4.1 mean scores are plotted for each group for each dimension.

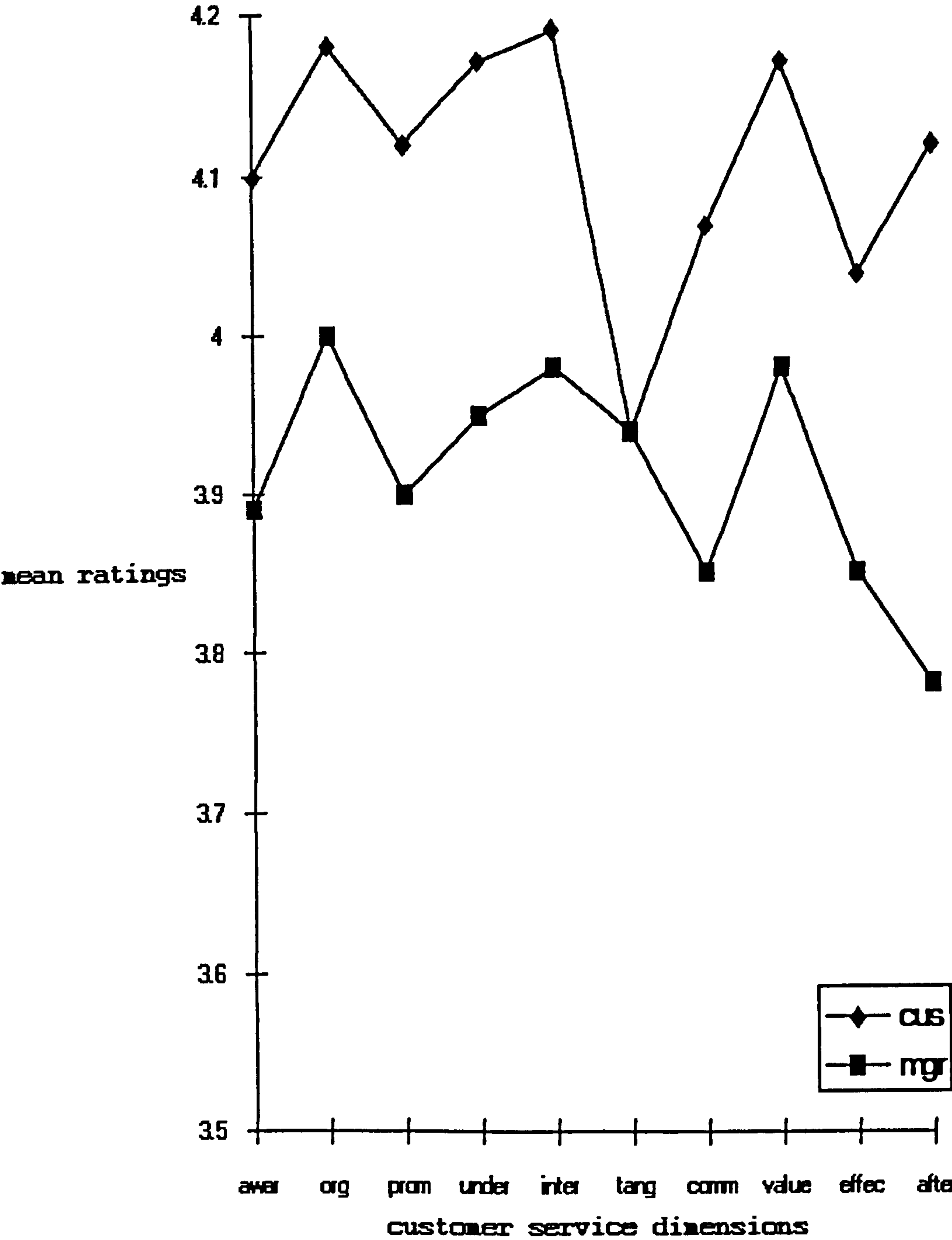
²⁹ Congram, C.A and Friedman, M.L. (1991), "The small-leadership connection in service business, The AMA Handbook of Marketing for Service Industries," Vol.5.

**Table 4.37 : Summary results of hypothesis testing -
Gap A : There is a significant difference Between
Customers' Expectations and the Employees' Perception
of Customers' Expectation.**

Dimensions	Findings : (1) Customers (2) Manager
Awareness of Policy	(1) n = 176, Mean = 4.096 , sd = .587 (2) n = 81, Mean = 3.892 , sd = .720 t - value = 2.24 , sig = .027*
Organiza - tional factors	(1) n = 178, Mean = 4.189 , sd = .531 (2) n = 80, Mean = 3.996 , sd = .716 t - value = 2.06, sig = .041*
Promotion and Advert.	(1) n = 174, Mean = 4.124, sd = .521 (2) n = 81, Mean = 3.901, sd = .682 t - value = 2.61, sig = .010*
Understand of Customer	(1) n = 172, Mean = 4.170, sd = .039 (2) n = 81, Mean = 3.946, sd = .690 t - value = 2.61, sig = .010*
Inter - Personal Skills	(1) n = 178, Mean = 4.185, sd = .521 (2) n = 81, Mean = 3.981, sd = .718 t - value = 2.3, sig = .023*
Tangibles & Physical Surrounding	(1) n = 177, Mean = 3.935, sd = .604 (2) n = 79, Mean = 3.939, sd = .714 t-value = -.06, sig = .955
Communi - cation with Customers	(1) n = 174, Mean = 4.072, sd = .470 (2) n = 80, Mean = 3.854, sd = .705 t-value = 2.53, sig = .013*
Value for money	(1) n = 175, Mean = 4.171, sd = .579 (2) n = 81, Mean = 3.975, sd = .724 t-value = 2.14, sig = .034*
Effective - ness of Logistics	(1) n = 176, Mean = 4.042, sd = .478 (2) n = 81, Mean = 3.854, sd = .686 t-value = 2.22, sig = .028*
After Sales Service	(1) n = 178, Mean = 4.123, sd = .504 (2) n = 80, Mean = 3.780, sd = .773 t-value = 3.64, sig = .000**
Total Difference	(1) n = 164, Mean = 3.700, sd = .384 (2) n = 78, Mean = 3.527, sd = .559 t-value = 2.47, sig = .015*

* significant level $p < 0.05$ or better.

Figure 4.1 : Comparison of customers' expectation and employees' perception of customers' expectation.



Test Results :

There is a difference between total customers' expectations and the employees' perception of their expectations at a significance level of .015 (see table 4.37). This is consistent with the previous findings by Langeard et. al³⁰, where firm executives may not always understand what features connote high quality to consumers; what attributes a service must have in order to meet consumer needs, and what levels of performance on those features are necessary to deliver high quality service.

This is further illustrated by figure 4.1 where it indicates that customers' expectation of the service is far higher than that of the employees' perception of their expectations in almost every aspect of the customer service dimensions, except that they concur on the tangibles and physical surroundings. This finding is similar to that of N. Deon and Pitt L.³¹, where in their study they found that only two items on which managers underestimate customer expectations; i.e modern looking equipment and convenient opening hours.

The existence of this phenomenon (Gap A) at the Pilgrims Management and Fund Board (Luth) has been confirmed by its Chairman. At a Q-Day speech held on the 20th. December, 1993 at Luth's headquarters he has been quoted

³⁰ Langeard. Eric, John E.G. Bateson, Christopher H. Lovelock, and Pierre Eiglier (1981), Services Marketing : New Insights from Consumers and Managers. Cambridge, M.A : Marketing Science Institute.

³¹ Neil D. and P. Leyland, (1993), "Service Quality in a Retail Environment : Closing the Gaps," Journal of General Management, Vol. 18 No. 3 (Spring).

as follows³² :

"Employees of Luth should not be complacent with its achievement but have to continuously strive to achieve excellence. We have to have an attitude towards effectiveness and quality in facing new challenges from changing customers' expectation. We have to be a leader in the market."

Customers felt that the Pilgrims Management and Fund Board should plough back the profits made from investments to subsidise its core business unit instead of investing in other unrelated industries. The concern for this aspect has been expressed by respondent number 123:

Luth need not place profit as its main goal. It has grown to be a big conglomerate based on customer capital but less sensitive to customer needs and requirements. Why can't Luth provide a subsidy to a first time haj performer ?

Another customer from the district of Raub, 41 years old and an employee of the Malaysian Telecom Company, concurred with the grievances made by the earlier respondent. He himself has offered the following opinion with respect to the employees' management of their expectations :

³² Berita Tabung Haji, Bil. 6/93, Nov/Dis 1993.

In my opinion the officers' of Luth always perceived that we are contented with the services rendered. They expect us to understand the Haj philosophy and not to treat the pilgrimage to Mecca as another vacation. Although deep in our heart we acknowledge the Haj philosophy, but we are human beings. A case like a 15 hour wait to get to Medina from Mecca is deplorable. Yet the officers' excuse is that they have little control over management in Mecca. To me this is absolute nonsense as they have been there over 30 years. They should have the upper hand in the situation.

In an interview with the Director of Corporate Affairs, he kept stressing the fact that pilgrims should understand the philosophy of performing Haj. Any dissatisfaction encountered should not be attributed solely to the inefficiencies of the organization but one's standing in the hands of God. When asked to comment on his organization's management of customers' expectations, he quoted the following :

You cannot compare our services in Mecca with others because there are no others and if there are any, they are unable to compete to our degree because of our government-to-government working relationship.

This concept was further highlighted in a report submitted for the Ramon Magsaysay Award in 1987 by the former Chief Executive Officer of the Board . With reference to their quality of service delivery the management have concluded the following :

The Malaysian experience in Haj management has shown that with proper organization the Haj could be less of a hassle for pilgrims than what it was years ago. But in the final analysis it must not be forgotten that the degree of comfort and ease performing the pilgrimage or otherwise depends on the individual's standing with Allah SWT. If he is a good Muslim, the means he uses to go on the Haj are halal and free from riba', if his niyyat (intentions) in performing the Haj is solely for Allah SWT, then, his pilgrimage will be comfortable and fulfilling. If otherwise, then no amount of help or assistance from his country's Haj organization or the facilities provided by the host country could make his pilgrimage easy and he would be continuously beset by problems and difficulties. Towards this realization, Malaysia is stressing upon its pilgrims the philosophy of the Haj so that they would appreciate the efforts made by all quarters to improve the conditions on the Haj as well as achieving the goals of the Haj as ordained by Allah SWT.

From the researcher's observation and findings from personal interview, it could be implied that the management of the Pilgrims Management and Fund Board, Malaysia has failed in their management perception of customer expectations because of the following key contributing factors: :

1. Lack of Marketing Research Orientation

The Pilgrims Management and Fund Board is a government agency which as many other organizations, is new to marketing research. Being a provider of service and the regulator in the industry it is more concerned with its operations. In fact, many service organizations are new to everything about marketing, believing that the operations function is more critical to the success of the business³³. As a result, the philosophy of Haj is very much stressed to overcome any misdeed in its operation. Because of the over-emphasis on the Haj philosophy and its operations, this has diverted the management of Luth from focusing on customers and reduces the efforts to understand their needs and expectations.

In fact its research and development department which is being placed under its Investment Division is more concerned with exploring new investment opportunities. This has resulted in the firm facing a problem of a large Gap A, where differences are occurring in almost every dimension of customer service. To close this gap,

³³ Lovelock, C.H (1981), "Why Marketing Management Needs to Be Different for Services," Marketing of Services (Chicago : American Marketing Association), pp. 5 - 9.

marketing research must focus on service quality issues such as : which features are most important to the customers? which levels of these features do customers expect? and what customers think the company can and should do when problems occur in service delivery ?

Instead, from its quality report³⁴, which is not very comprehensive, information on customers' expectation were obtained using the following means :

- a. Questions raised in the Parliament with respect to Luth's services.
- b. Questions raised during its marketing session.
- c. Feedback through radio, television and newspapers.
- d. Feedback received during the Haj season.
- e. Feedback from state Directors.

The above methods were supplemented by small-scale research on the followings:

- a. Survey on counter services.
- b. Survey for purposes of writing a 30 year anniversary of Luth.
- c. Survey of customers' reception to "Money Fund".
- d. Survey on customers' attitude towards the usage of identification band.

³⁴ "Laporan Permohonan Anugerah Kualiti Perdana Menteri - Sektor Awam," (1994), Lembaga Urusan Dan Tabung Haji .

2. Inadequate Upward Communication

In any organization of this nature, top management needs to seek, stimulate and facilitate the flow of information from employees at the lower level. Upward communication typically provides information to upper level managers about activities and performances throughout the organization³⁵. Through this interaction, customers' expectations and perceptions will be better understood by top management, where lower management will relay information they know to top management. Though top managers may not have a firm grasp of consumer quality expectations, research suggests that customer-contact personnel can accurately predict consumer expectations and perceptions of the service³⁶.

But this contention is not true of Luth. Evidence for this is that question C3.1, on the managers' questionnaire (refer to appendix 3.1), a question on cooperation and integration supports this contention. The Statement asked, "People at all levels can participate in decision making". Respondents were asked to evaluate based on the following scale :

- | | |
|---------------|-------------|
| 1 = Never | 2 = Rarely |
| 3 = Sometimes | 4 = Usually |
| 5 = Always | |

³⁵ Read, W.H., (1962), "Upward Communications in Industrial Hierarchies," Human Relations, 15 (February), pp. 3 -15.

³⁶ Schneider, Ben and David E. Bowen, (1985), "Employee and Customer Perceptions of Service in Banks : Replication and Extension," Journal of Applied Psychology, 70 (3), pp. 423 - 33.

Results from 81 respondents indicated a mean score of 2.72, which means it falls between the sometimes and rarely categories of response. Therefore, it can be deduced that the statement that states is not entirely true at the Pilgrims Management and Fund Board (Luth). As a result, information flow at Luth took place within, rather between, functional groups. This finding is supported by a clerk from the Raub district office :

The management does not take our suggestions seriously. Everything is decided in Kuala Lumpur. Our facilities in Raub are still very basic ; typewriter is still manual, let alone an on line computer system. How do they expect us to serve the best? Thus, communication here is very much a directive. If our suggestions were heard, facilities would have improved.

3. Level of Management : Number of managerial levels between top most and the bottom most positions.

At the Pilgrims Management and Fund Board, it is obvious from its organizational structure (Appendix 4.3) there are several levels that separate top management from those responsible for dealing with and serving customers. Zeithaml et al. say that this makes it difficult for top management to realise its customer service objectives because of poor control at the operative level. At the same time layers of management inhibit communication and understanding because they place barriers between senders and receivers of messages³⁷.

³⁷ Zeithaml, V.A., Berry, L.L. and Parasuraman, (1988), "Communications and Control Processes in the Delivery of Service Quality" *Journal of Marketing* (April), pp. 35 - 48.

At the Pilgrims Management and Fund Board, the issue of communication is not as significant as that of control. From the observation of the researcher the following examples were the reflection of control problems at this organization :

1. employees spending working hours reading newspapers and chit-chatting in the library without any action by their superior.

2. outside client has to wait a little while, before he/she could get through to the operator.

3. deserted departments in early working hours. The phone was ringing a dozen times with no one present to attend to it.

4. customers were given information late. This was evident from a statement made by a 37 year old, female executive from Kuala Lumpur who said :

Information on my flight departure and arrival itinerary were given at the last minute, giving me little time for preparation.

5. customers were diverted to three different departments to answer their queries and eventually got the wrong information. A female manager at Scot's Malaysia has provided the following statement :

"Don't allow the customer to be passed around the company in response to an enquiry about a problem. Make sure everyone knows their particular customer service responsibilities and encourage the employees to help out even when the problem is not within the jurisdiction of their department."

6. 50% of employees of a small branch went to do promotion at a primary school, leaving behind 2 lower-ranking employees to attend to the customers. In fact the employees concerned did not turn up for work in the afternoon after the promotion session.

7. A category "A" officer having his breakfast in his office in the early part of working hours.

8. at a particular branch though the queue was long and it was the first day of the week, only one counter was open.

The above remarks by the clients and problems highlighted by the researcher from his observation contradict the statement made by the organization's Chief-Executive Officer (appendix 3.8) during the personal interview. He made the following comments :

We make sure all levels of our employees are committed to the Customer Service Charter and I'm satisfied and very happy because through all these years, Tabung Haji has been successful because of the commitment of employees in whatever they do. We strive to inculcate Islamic values in our employees such as honesty, hardwork, trust etc through our training programmes, and also by reminding them that we have an obligation towards Muslims in this country and well-being of the Ummah.

Based upon the above argument it can be implied that the implementation of customer service at Luth is not reflected in the organizational behaviour. In fact, the vast majority of customer service activities are administered as procedures.

4.5.1.4 Priority of Importance In Customer Service Dimensions Between Customers and Managers.

The results of descriptive statistics, figure 4.2 and tables 4.38 (a) & (b), re-affirmed the findings that there is a lack of market research orientation in this organization.

Each dimension of customer service does not only differ in terms of the weight the customers and managers assign but also they differ significantly in the order of priority. Thus, this has resulted in the inability of management to correctly identify customers' expectations. Therefore, the management's lower perception is fairly obvious. As a result of this it has created dissatisfaction among the customers.

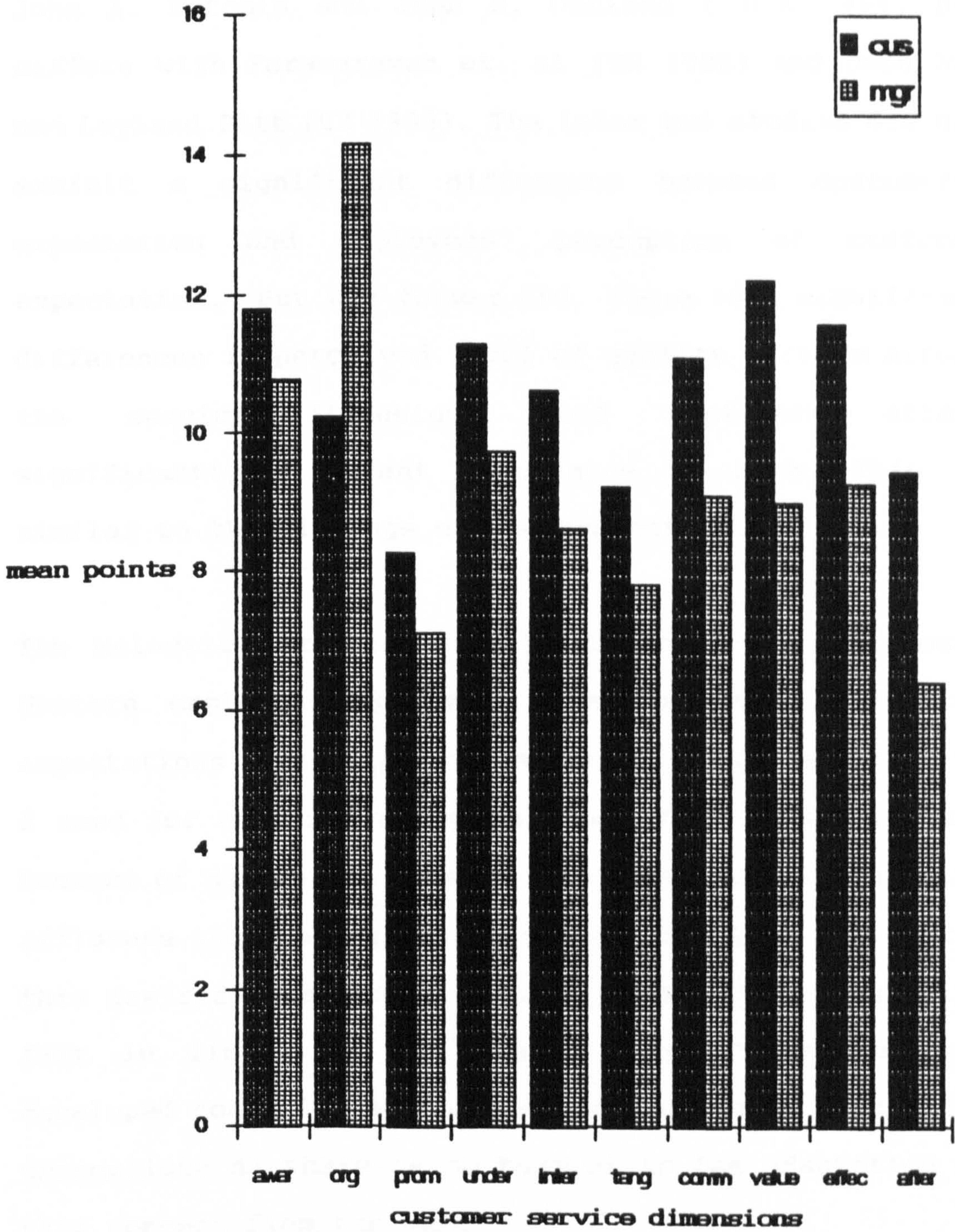
Table 4.38 (a) : Employees' Priority

Rankings	Dimensions	Weightage
1	Organizational Factors	Mean = .63
2	Awareness of Customer Service Policy	Mean = .45
3	Understanding of the customer	Mean = .42
4	Effectiveness of logistics	Mean = .41
5	Value for money	Mean = .39
6	Effectiveness of Communication	Mean = .38
7	Interpersonal Skills of Staff	Mean = .38
8	Tangibles & Physical	Mean = .34
9	Promotion & Advert.	Mean = .30
10	After - sales service	Mean = .26

Table 4.38 (b) : Customers' Priority

Ranking	Dimensions	Weightage
1	Value for money	Mean = .55
2	Awareness of customer service Policy	Mean = .52
3	Effectiveness of logistics	Mean = .51
4	Staff's understanding of the customer	Mean = .50
5	Effectiveness of Communication	Mean = .48
6	Interpersonal Skills of staff	Mean = .48
7	Organizational factors	Mean = .46
8	After - sales service	Mean = .41
9	Tangibles & physical	Mean = .40
10	Promotion & Advert.	Mean = .37

Figure 4.2 : Comparison of priority on customer service dimensions between employees and Customers



Conclusion :

In terms of Gap A, the present study concur with that of John A. Dotchin and John S. Oakland (U.K 1994) but differs with Parasuraman et. al (US 1988) and Deon Nel and Leyland Pitt (UK 1993). The later two studies did not exhibit a significant difference between customers' expectation and employees' perception of customer expectation. But the former did. There is a significant differences in perceived level of quality service across the service dimensions, and customers attach significantly different importance to each. This is similar to the findings of the present study.

The Malaysian experience is different from the west. Western employees are more able to gauge customers' expectations than their counterpart in Malaysia. There is a need for catching up to be done. This is significant because of Malaysia's rate of development and the growing affluence and sophistication of the Malaysian customers. This desired state could thought of as proceeding quite fast in line with the Vision 2020. Therefore, the developed countries approaches and techniques seem to be appropriate as there is no barrier to the adaptation of this concept from the west.

4.5.2 TRANSACTION PHASE :

4.5.2.1 Definition of Transaction :

Transaction phase at the Pilgrims Management and Fund Board begins with the day the customer come into contact with the employees and it ends after he/she has completed the performance of haj in Mecca. Thus, the process of customer service delivery involved all the dimensions that were stipulated in pages 30 - 31 of chapter 2.

4.5.2.2 Management Action :

In order to ensure the success of customer service delivery, the management may act to put in place elements to provide customer service. From interviews and sources of secondary data, the researcher has recorded the following factors that management claimed enabled it to put in place elements of customer service :

(a) Honest and High Integrity Management :

A clean, efficient and trustworthy service is the keynote to Luth's success. This is achieved by having a management body that is honest and with high integrity. Combining both elements, it has given the populace confidence to participate and be associated with Luth.

(b) Dedicated and Committed Staff :

Without a dedicated and committed staff willing to make sacrifices, then Luth will not be what it is today. The staff of Luth have worked hard all these years to build Luth into an established and recognised institution.

(c) Importance of Training :

The philosophy of management is that the staff is the most important asset. They also believe strongly in training as a means to upgrade the skill. The staff is given training to develop into professionals in their own field. This in turn ensures that the services given will be efficient and reliable.

(d) Open Management Concepts :

The open-management adopted by Luth and its attitude of being sensitive to the needs of depositors and pilgrims, whereby views and complaints channelled into Luth has been taken into consideration, having helped to improve tremendously the services offered.

(e) The Customer is always right :

As a service agency taking care of the customers and their needs is of prime importance to Luth. The motto the "customer is always right" is seriously adhered too.

(f) Accessible to the People :

Luth has always made itself accessible to the people. Any member of the public can see the Director General or any of the staff any time to voice their grievances. This has helped to establish rapport between the public and Luth.

(g) Coordination with other agencies :

Being a government agency, Luth cannot work alone or in isolation. So for the purpose of Haj work, Luth coordinates with other government agencies like

Registration Department, Ministry of Health, Welfare Department and Malaysian Airline System (MAS). With such coordination these government agencies are involved and has become part and parcel of the Haj operation.

(h) Role of Mass-Media :

The mass-media has also played a key role in disseminating information to the public about Luth and its activities. They have also served as a watch-dog by giving feedback to Luth as the needs and views voiced by the public. This information serves to be very useful as a feedback to these needs.

(i) Modern Technology :

Lastly the new and modern technology which the management have made use like computers, telefax and other have helped to further improved the quality of service delivery.

It seems that the management have adhered to the norm of "good practice" as it covered most of the dimensions depicted in chapter 2, but discussion from Gap A has indicated some flaws in the service delivery process. To further investigate these discrepancies it was decided to look into the comparison between what perception customers' form during the transaction and what perception employees form of the service delivered (Gap B).

4.5.2.3 Analysis of Gap B :

The pre-requisite for delivering high service quality is the understanding of customer' expectation during the transaction. Once management have accurately identified what customers' expect, it become their obligation to act to put in place elements to provide quality customer service. But this phase is not without obstacles, there might be a different perception towards the service delivery process between what customers expect based upon influence from the pre-transaction phase and what management forms a perception of what service has been experienced by the customer (see figure 2.5, page 62). Based upon the above premise, the researcher postulate the hypothesis as follows :

Gap B : There is a significant difference between employees' and customers' perception on customer service delivery during transaction.

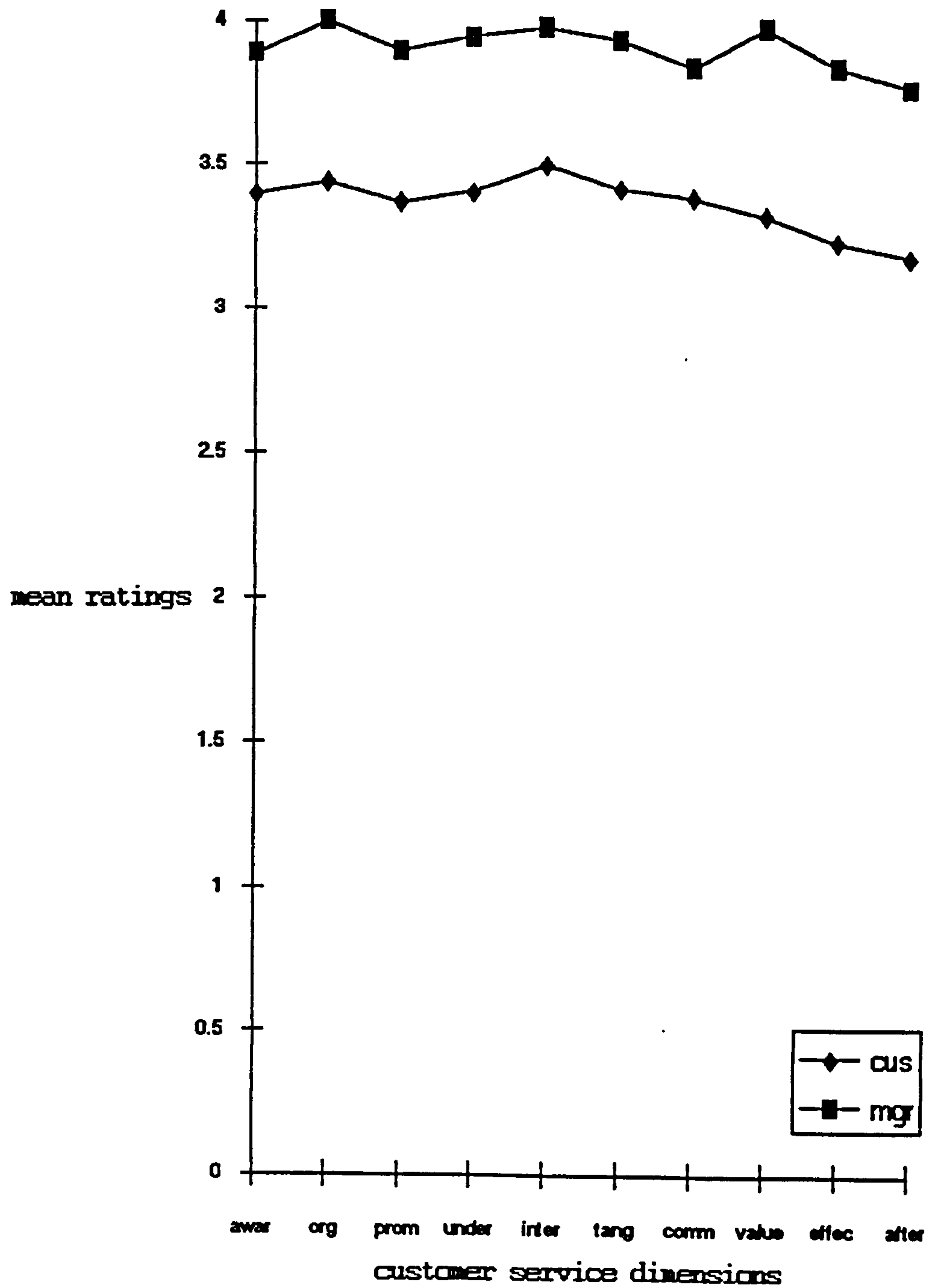
In order to test for this hypothesis, the total mean of customers' perception (see appendix 3.4 - section G) was compared against total mean of employees' perception (see appendix 3.2 - section E). The underlying assumption made by the researcher here is that; the employees' perception of the customer service delivery during transaction is equivalent to their perception of what customers' expect. To compare for significant difference the t - test group is used. Results are exhibited in table 4.39 (the customer sample size is reduced because information about the transaction can only be obtained from those who have been through the whole process).

Table 4.39 : Summary result of hypothesis testing : There is a significant difference between employees' and customers' perception on customer service delivery during the transaction.

Dimensions	Findings - (1) Customers (2) Employees
Total Perception	(1) n = 122, mean = 3.34, sd. = .699 (2) n = 78, mean = 3.90, sd. = .621 t value = -6.03, sig. = 0.000*
Awareness of Policy	(1) n = 130, mean = 3.40, sd. = 1.312 (2) n = 81, mean = 3.89, sd. = 0.720 t value = -3.51, sig. = 0.001*
Organizational Factors	(1) n = 129, mean = 3.43, sd. = 0.814 (2) n = 80, mean = 3.99, sd. = 0.716 t value = -5.19, sig. = 0.000*
Effectiveness of Promotion/Advert	(1) n = 128, mean = 3.37, sd. = 0.947 (2) n = 81, mean = 3.90, sd. = 0.682 t value = -4.66, sig. = 0.000*
Understanding of Customer (staff)	(1) n = 127, mean = 3.412, sd. = 0.738 (2) n = 81, mean = 3.946, sd. = 0.690 t value = -5.30, sig. = 0.000*
Effectiveness of Interpersonal Skills	(1) n = 127, mean = 3.496, sd. = 0.782 (2) n = 81, mean = 3.981, sd. = 0.718 t value = -4.59, sig. = 0.000*
Tangibles and Physical	(1) n = 129, mean = 3.422, sd. = 0.704 (2) n = 79, mean = 3.939, sd. = 0.714 t value = -5.10, sig. = 0.000*
Effectiveness of Communication	(1) n = 127, mean = 3.391, sd. = 0.832 (2) n = 80, mean = 3.854, sd. = 0.705 t value = - 4.29, sig. = 0.000*
Value for money	(1) n = 129, mean = 3.325, sd. = 1.032 (2) n = 81, mean = 3.975, sd. = 0.724 t value = -5.35, sig. = 0.000*
Effectiveness of Logistics	(1) n = 129, mean = 3.242, sd. = 0.856 (2) n = 80, mean = 3.854, sd. = 0.686 t value = -5.68, sig. = 0.000*
Effectiveness of after sales	(1) n = 129, mean = 3.189, sd. = 0.934 (2) n = 80, mean = 3.780, sd. = 0.773 t value = -4.96, sig. = 0.000*

* significant level $p < 0.001$

Figure 4.3 : Comparison of Perception on Customer Service Delivery Between Employee's and Customers



Results :

T-test group on this hypothesis was administered twice. First it was tested against total perception. This was later followed by a test against each individual dimension of customer service delivery. The results were highly significant at $p < 0.001$ level (see table 4.39). Both test results confirmed the above hypothesis.

Although measured in a slightly different manner from that of Parasuraman et. al.³⁸ the results are similar in terms of executives' difficulty in attempting to match or exceed customer expectations. This finding is further illustrated by figure 4.3. There is a significant difference between customers' and managers' perception of customer service delivery. Customers' perception is much lower than that of the managers.

The customers having experienced the service felt that it does not match their expectations. The managers on the other hand, felt that the service was agreeable indicated by a mean of 3.90.

³⁸ Parasuraman A., Valarie A. Zeithaml and Berry L.L (1985) "A Conceptual Model of Service Quality and Its Implications for Future Research," Journal of Marketing, Vol. 49, pp. 41 - 50.

Discussion :

In terms of customer service delivery, customers' perception is lower than that of the managers (see figure 4.3). The employees of the Pilgrims Management and Fund Board perceived the customers would be contented with quality of service provided on the assumption that pilgrimage to Mecca could not be compared with a toured holiday. Respondent number 243, a 51 year old male executive from Shah Alam has commented as follows on the level of customer service delivery at the Pilgrims Management and Fund Board :

Physical services and logistics support were controlled because the operators were concerned at maximising profits. The services provided were just within the boundary of their contract. There was no evidence of their taking that "extra step" to really satisfy the needs and wants of clients. Overall it was a commercial undertaking and far from being service oriented.

But the above comment was rebutted by its Chief-Executive Officer (see appendix 3.8) who quoted the following in an interview session :

The formation of Tabung Haji was never intended to make profit from the pilgrims and we have never done so in the past and not in the future. In truth the return on investment is used to subsidize pilgrimage operation amounting to about RM 15 million a year. Our earnings come mainly from dividends on share investments, rental of buildings, financing and investments of short term funds according to Islamic principles. Pilgrimage operations is not a revenue earner.

In terms of the counter management³⁹, the Pilgrims Management and Fund Board has made the following report:

Counters at the Pilgrims Management and Fund Board, including those at the branch offices, have been provided with computers that are linked to the central main-frame computer at the Head office. This enables members to withdraw their savings faster than before. These counters are open 24 hours during the pilgrimage season. In its efforts to get close to the customers, the Pilgrims Management and Fund Board has held campaigns and briefings at schools. Government offices, factories and mosques. Information is also disseminated using the electronic media.

The findings of this research do not concur with the report made above. Counter service at the Pilgrims Management and Fund Board is still very inefficient. In terms of tangibles the customers' mean perception of customer service delivery is at 3.42, while the employees mean perception is at 3.9. The significant level is at 0.000. Contrary to the claim made, not all branches (to date of the research) have been computerised and linked to the main frame at the Headquarters. As a result customers will have to wait between 1 to 2 weeks to enable them to withdraw a sum above RM 1,000.00. At the same time, the management of deposits is still not updated to match contemporary banking practices. Examples of this issue are as follows :

³⁹ "Report of Improvements and Development In Public Service", by Tan Sri Dato' Ahmad Sarji Bin Abdul Hamid, Chief Secretary To The Government. Kuala Lumpur, Malaysia : Percetakan Nasional Malaysia, Berhad, 1993.

1. Withdrawals are permitted twice a year, with a period of grace of 6 months between these withdrawals.

2. Customers are issued with receipts on their withdrawals and deposits. There is no proper passbook for customers to maintain their accounts. Statements of accounts were only available every six months.

3. At certain branches, because of the unavailability of a centralised computer system, customers are not readily able to get information on the status of their account.

Contributing factors to Gap B :

Gap B (see figure 2.7, page 67) is a wide gap at the Pilgrims Management and Fund Board. Most executives interviewed were adamant that there were no flaws to their system. They kept emphasising the philosophy of Haj when questions were raised about inconvenience faced by some customers.

Many executives will not change systems of service delivery to enhance customers' perceptions as Luth is a public agency and is governed under the laws of Malaysia Act 8, 1969. Doing so often requires altering the very process by which work is accomplished. Hence, it is difficult for them to manage this organization as a privatised agency. But the observation of the researcher revealed the contributing factors :

1. Inadequate commitment to service quality.

It is stipulated that the objectives of Luth are as follows:

- a. to render the best and most satisfactory services to Malaysian pilgrims in matters pertaining to performance of the haj.
- b. to give maximum investment returns to depositors on their savings.

Although service satisfaction is the ultimate objective, employees' commitment is subject to question. A specific variable related to employees commitment to service quality is their level of awareness of customer service policy. A one-way anova test on variable A9 (salary level) against perception indicated an F-Prob. of 0.005 (see table 4.32 - page 142). This denotes that there is a significant difference among executives on their level of awareness of the customer service policy.

Top executives have higher awareness level than those below. This happened because officers of lower ranking were not formally indoctrinated with the customer service philosophy. The corporate mission and the clients' charter which were launched in December, 1993 were made known to all staff only through the dissemination of information literature such as circular, "Berita Tabung Haji" and "Halaman Tabung Haji". Thus, there is no proper communication of the policy.

As a result business affairs were run as any other government institution without any added dimension other than those prescribed by the Laws of Malaysia Act 8, The Pilgrims Management and Fund Board 1969.

Because the client's charter is fairly recent, changing the public sector mentality of Luth's employees is difficult. When managers are not committed to service quality from the customers' point of view, they do not establish internal service-quality initiatives, and they do not see that attempts to improve service quality lead to better company performance. This tendency is true of Luth and is illustrated in the following statement :

Physical services and logistics support were controlled because the operators were concerned at maximising profits. The services provided were just within the boundary of their contract. There was no evidence of their taking that "extra step" to really satisfy the needs and wants of clients. Overall it was a commercial undertaking and far from being service oriented.

2.Task standardization : Extent to which hard and soft technology are used to standardise the service task.

At the Pilgrims Management and Fund Board, the translation of managerial perceptions into specific service-quality standards is difficult because of the inconsistency in terms of the facilities provided between the HQ, state and district office. The level of technology available between these offices also differs.

Woodward points out that efforts to conceptualize and measure the standardization of tasks in organizational research have focused on the construction of technology⁴⁰.

This research suggests that the organization can serve to standardize and regularize employee behaviour. Due to the nature of the industry, many managers at Luth believed that services cannot be standardized, because it is very much dependent upon inter-personal relations. If tasks becomes standardised it looks as though the service will become impersonal, inadequate, and not in the customer's best interest.

Conclusion :

The findings of Gap B concurred with that of Parasuraman et al.⁴¹. Customers and employees differ on their perception of customer service delivery. Failure to recognise customers' perception is a deterrent to future growth of customer service in Malaysia. With the growing customer service ideas in the west, Malaysian customers will keep tab on the future of customer service delivery. As proven by earlier discussions there is little barrier for the incorporation of western customer service ideas, therefore Malaysian employees should have a better receptibility to idea of modern customer service.

⁴⁰ Woodward, J. (1965), "Industrial Organization : Theory and Practice," London : Oxford University Press ; Reeves, T.K and Woodward (1970), "The Study of Managerial Control," in Industrial Organizations : Behaviour and Control, J. Woodward, ed. London : Oxford University Press ; Perrow, C. (1979), "Complex Organizations : A Critical Essay," Glenview, IL : Scott, Foresman and Company.

⁴¹ Ibid.

4.5.3 Post-Transaction Phase :

4.5.3.1 Analysis of the Gap Between Customers' and Employees' Perception of Customer Service Delivered (Gap C) :

After the service delivery process, customers and employees' form a perception of the customer service. In some cases employees do understand customers' expectations and does appropriately place elements to provide customer service, but still the service delivered by the organization falls short of what customers' expect. At the same time, due to the nature of the service opportunities for mistakes and misunderstandings exist when customers and providers interact. With this premise the researcher formulated the following hypothesis :

Gap C : There is a significant difference between the customers' and employees' evaluation of the quality of customer service delivered.

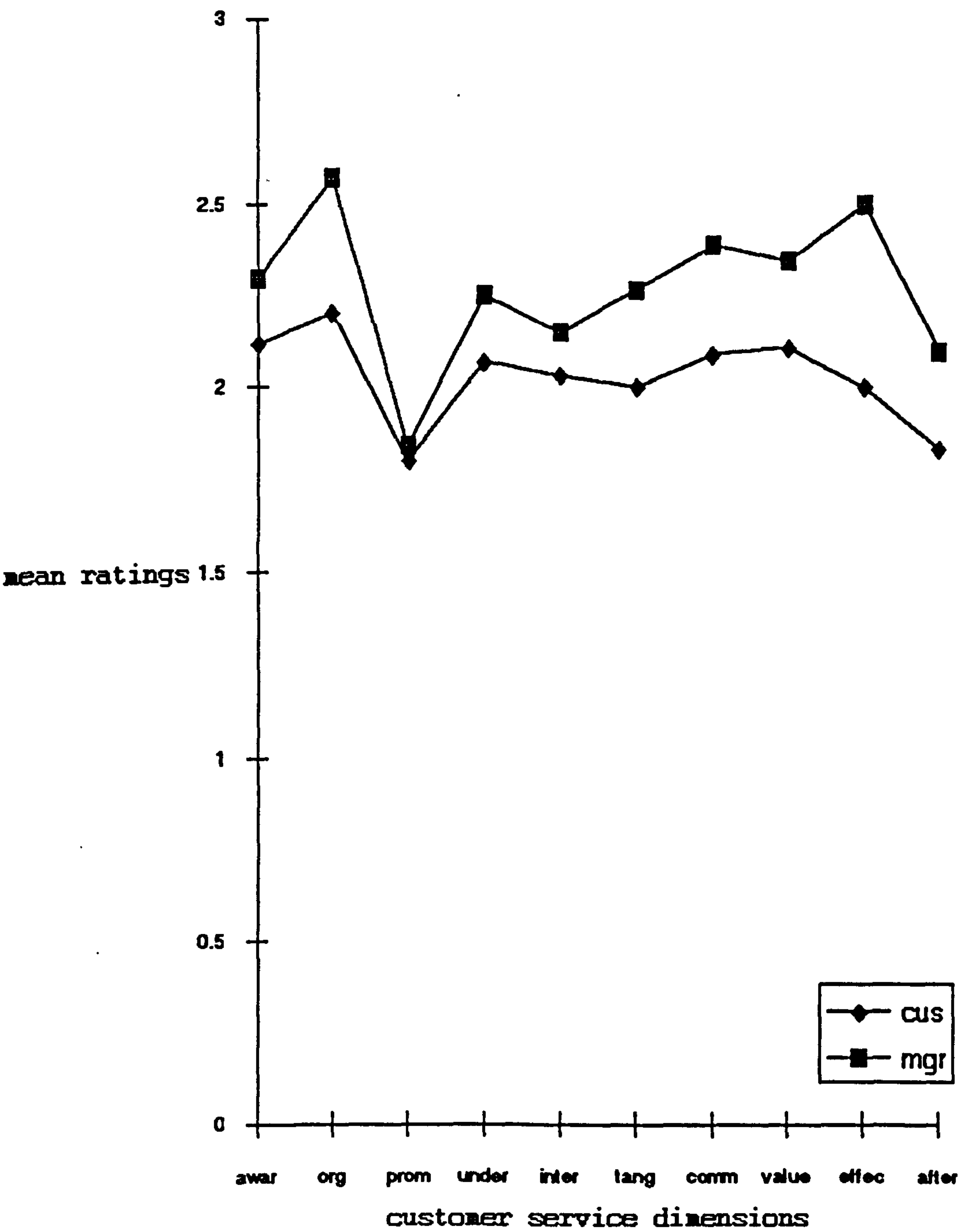
The computation of Gap C involved comparing total mean of customers' perception (Section H - appendix 3.4) against total mean of employees' perception (Section F - appendix 3.2) using t-test groups. Results of the test is tabulated in table 4.40.

Table 4.40 : Summary of hypothesis testing : There is a significant difference between the customers' and employees' evaluation of the quality of customer service delivery.

Dimensions	Test Instrument : t-test group Findings (1) Customers (2) Employees.
Totqual	(1) n = 114, Mean = 2.021 , sd = .416 (2) n = 71, Mean = 2.268 , sd = .310 t-value = -4.60, sig. = .000 *
Awareness of Policy	(1) n = 122, Mean = 2.120, sd = 0.624 (2) n = 77, Mean = 2.987, sd = 0.563 t-value = -2.05, sig. = .041*
Organ. Factors	(1) n = 122, Mean = 2.219, sd. = 0.447 (2) n = 79, Mean = 2.565, sd. = 0.411 t-value = -6.00, sig. = .000*
Promo. & Advert.	(1) n = 122, Mean = 1.803, sd. = .612 (2) n = 79, Mean = 1.835, sd. = .608 t-value = -0.37 sig. = .715
Under. of Customer	(1) n = 122, Mean = 2.071, sd. = 0.632 (2) n = 80, Mean = 2.250, sd. = 0.540 t-value = -2.12, sig. = .035**
Inter. Skills	(1) n = 122, Mean = 2.032, sd. = 0.616 (2) n = 78, Mean = 2.153, sd. = 0.512 t-value = -1.51, sig. = .134
Tangibles and Physical	(1) n = 121, Mean = 2.000, sd.= 0.577 (2) n = 79, Mean = 2.265 sd. = 0.548 t-value = -3.28, sig. = .001*
Effect. of communi- cation	(1) n = 122, Mean = 2.090, sd. = 0.589 (2) n = 79, Mean = 2.392, sd. = 0.564 t-value = -3.64, sig. = .001*
Value for money	(1) n = 121, Mean = 2.107, sd. = 0.643 (2) n = 79, Mean = 2.354, sd. = 0.532 t-value = -2.95, sig. = .004**
Effect. of Logistics	(1) n = 122, Mean = 2.000, sd. = .660 (2) n = 78, Mean = 2.500, sd. = .552 t-value = -5.70, sig. = .000*
Effect. of after- sales	(1) n = 120, Mean = 1.833, sd. = .613 (2) n = 78, Mean = 2.103, sd. = .524 t-value = -3.30, sig. = .001*

significant level : *p<0.001 **p<0.005

Figure 4.4 : Comparison of Quality Evaluation Between Employees and Customers.



Results :

The t-test group was done twice. First it was tested against total quality evaluation between employees and customers. Employees have a higher evaluation on the quality of customer service delivered than that of the customers at 0.000 level (table 4.40).

This was followed by a judgement of quality service delivery against each dimension of customer service. The results also indicated a highly significant difference between customers' and managers' evaluation. To further illustrate this findings, the mean score a plotted in graph form (figure 4.4).

According to Parasuraman et. al⁴² there are several factors contributing to this gap :

1.Role Ambiguity

When employees do not have the information necessary to perform their jobs adequately, they experience role ambiguity⁴³. Role ambiguity may occur because employees are uncertain about what managers or supervisors expect from them and how to satisfy those expectations or because they do not know how their performance will be evaluated and rewarded⁴⁴.

⁴² Ibid.

⁴³ Katz, B. and R. Kahn (1978), "The Social Psychology of Organizations", 2nd. ed. New York : John Wiley & Sons, Inc. ; Walker, Orville C., Jr., Gilbert A. Churchill, Jr., and Neil M. Ford (1977), "Motivation and Performance in Industrial Selling : Present Knowledge and Needed Research", Journal of Marketing Research, 14 (May), pp. 156 - 68.

⁴⁴ Ibid.

At the Pilgrims Management and Fund Board, the employees do not always have a clear measure and tracking system to tell how well they are meeting their customers' requirement in every department. To highlight this problem, employees were asked to respond to the following likert scale statements (appendix 3.2 - section C3.6) :

"We have clear measures and tracking systems to tell how well we are meeting our customers' requirements in every department".

A mean average test indicated the following results :

Table 4.41 : A test on Employees Meeting Customers Requirement.

Statement	Mean	Std.Dev	Minimum	Maximum	N
C3.6	3.43	0.93	1	5	81

Key : 1 = Never
2 = Rarely
3 = Sometimes
4 = Usually
5 = Always.

From the mean of 3.43, it can be implied that employees at Luth may not always have clear measures and tracking systems to tell how well they are meeting their customers' requirement. Since the standard deviation is quite large, thus it affect a large number of its employees.

2. Role Conflict

The role attached to any position in an organization represents the set of behaviours and activities to be performed by the person occupying that position⁴⁵. The role is defined through the expectations, demands, and pressures communicated to employees by individuals (e.g., top managers, immediate supervisors, customers) who have a vested interest in how employees perform their jobs⁴⁶.

This phenomenon is true of the Pilgrims Management and Fund Board. As revealed in the following statements from our personal interviews, employees of Luth revealed the predicaments they were facing :

1. A clerk in the Pahang State Office :

"The main office wants us to be efficient, at the same time customers want personal attention from us. But the technology available and other legislative constraints keep our hands tied. This causes delay in our services. We are actually in a dilemma."

2. An officer at the Hulu Langat office :

"People in Kuala Lumpur expect us to be efficient. The customers also expect value-for-money from our services. But the bosses in Kuala Lumpur have not taken steps to resolve long outstanding problems like logistics, transportation and quota imposed by the Saudi government. How would they expect us to serve the customers well?"

⁴⁵ Katz, B. and Kahn, (1978), "The Social Psychology of Organization", 2nd. Edition. New York : John Wiley & Sons, Inc.

⁴⁶ Ibid.

When the expectations of customers people are incompatible or too demanding, employees experience role conflict, the perception that they cannot satisfy all the demands of all these individuals⁴⁷. Research has shown that perceived role conflict is related positively to feelings of job-related tension and anxiety and negatively to job satisfaction⁴⁸.

Perceptions of role conflict are psychologically uncomfortable for the employee⁴⁹, can have a negative effect on the employee's satisfaction and performance in the organization, and increase absenteeism and turnover. Problems cited earlier at Luth confirmed this findings.

3. Teamwork.

The organizational environment, together with the employee's ability and motivation, will largely determine eventual performance⁵⁰. Although it is the individual employee who either performs or fails to perform an organizational task, it is within the organization's

⁴⁷ Belasco, James A. (1966), "The Salesman's Role Revisited," *Journal of Marketing*, 30 (April), pp. 6 - 8 ; Rizzo, John, R.J. House, and S.I Lirtzman (1970), "Role Conflict and Ambiguity in Complex Organizations," *Administrative Science Quarterly*, 15, pp. 150 - 63; Walker, Orville C., Jr., Gilbert A. Churchill, Jr., and Neil M. Ford (1977), "Motivation and Performance in Industrial Selling," *Journal of Marketing Research*, 14 (May), pp. 156 - 68.

⁴⁸ Gross, Neal, W.S. Mason, and A.W. McEachern (1957), "Expectations in Role Analysis : Studies of the School Superintendency Role," New York : John Wiley & Sons, Inc.; Kahn, D.L., D.M. Wolfe, R.P. Quinn, J.D. Snock and R.A. Rosenthal (1964), "Organizational Stress," New York : John Wiley & Sons, Inc. ; Greene, Charles and D.W Organ (1973), "An Evaluation of Causal Models Linking Received Role and Job Satisfaction," *Administrative Science Quarterly*, 18 (March), pp. 95 - 103 ; Zeithaml, V.A, Berry, L.L and Parasuraman A. (1988), "Communication and Control Processes in the Delivery of Service Quality," *Journal of Marketing*, Vol. 52 (April), pp. 35-48.

⁴⁹ Walker, Orville C., Jr., Gilbert A. Churchill, Jr., and Neil M. Ford (1977), "Motivation and Performance in Industrial Selling : Present Knowledge and Needed Research," *Journal of Marketing Research*, 14 (May), pp. 156-68.

⁵⁰ Cummings, L.L and Schwab, D.P. (1973), "Performance in Organizations : Determinants and Appraisal," Scott, Foresman and Company, Glenview, IL.

power to influence how successfully this will be done⁵¹.

Part of this influence stems from the authority systems developed by the organization, and more particularly managerial behaviour. Thus, although authority is the pre-requisite for organizational effectiveness, teamwork is evidently to be supplementary to it. But from the survey and personal interview, the element of teamwork is absent at Luth. To put this to test, a series of likert statements on integration/cooperation (appendix 3.2 - section C.) were asked to be assessed by the employees of Luth :

1. People at all levels can participate in decision making.
2. Supervisors and managers in different departments work well together.
3. Our system makes clear who is responsible for certain tasks.
4. The organization's goal are set at the top, based on our mission, and are clear and achievable.
5. Results and goal achievement are rewarded both formally and informally,
6. We have clear measures and tracking systems to tell how we are meeting our customers' requirements in every department.
7. In some departments we have clear measures and tracking systems to tell how well we are meeting our customers' requirements.

⁵¹ Ibid.

A computation of total mean revealed the following results :

Table 4.42 : Test On Integration/Cooperation

Variable	Mean	Std.dev	Minimum	Maximum	N
C3	3.67	0.55	2.43	5.00	77

Key : 1 = Never
2 = Rarely
3 = Sometimes
4 = Usually
5 = Always

From the above table revealed that team-work is not a universal concept at Luth. This is further enhanced by statements from employees received through the field survey :

Statement 1 : "I have worked for over 10 years at Luth, but not even once was I offered by the management to accompany customers during their trip to Mecca. There are other staff who are junior to me who have been on these trips. They say my function is non-critical. I am really dillusioned. Therefore, I will only stick to my job description".

Statement 2 : "We're not working as a team. At Luth regionalism (state consciousness) counts. If you come from a different state you are out of favour. So why bother."

Statement 3 : "Things over here are not like it used to be. There is a big difference. There is more politicking than getting things done."

Statement 4 : "You came to do your research through Miss Why come to us. Go back to her to sort your problems... A reply given to the researcher when requesting for help."

4. Inappropriate Supervisory Control System

From the researcher's observation, supervisory control at Luth is very loose. Problems cited below were attributed to the fact that Luth's employees' performance was not measured by output.

1. employees spending working hours reading newspapers and chit-chatting in the library without any action by their superior.
2. outside client has to wait a little while, before he/she could get through to the operator.
3. deserted departments in early working hours. The phone were ringing a dozen times and no one present to attend to it.
4. employees leaving office premises without due respect for office regulations. Some of them turn up late, especially after the lunch hour break on Fridays.
5. category "A" officer having his breakfast in his office in the early part of working hours.

Being a government agency, Luth is both a business and social organization. Thus the use of "output control system"⁵² as a control procedure is not appropriate. On the other hand, performance can be monitored through behavioral control systems⁵³, which consist largely of observations or other reports on the way the employee works or behaves rather than output measurements. The use of these types of behavioral measures encourages employee performance that is consistent with customer expectations of quality service.

⁵² Ouchi, William G. (1979), "A Conceptual framework for Design of Organizational Control Mechanisms," *Management Science*, 25 (September), pp. 833 - 48.; Ouchi, William G. and Mary Ann McGuire (1975), "Organizational Control : Two functions," *Administrative Science Quarterly*, 20 (December), pp. 559-69.

⁵³ *Ibid.*

Conclusion :

There is a significant difference between customers' evaluation of the quality of service received and the employees' perception of the service rendered. This concurred with other findings from the west Parasuraman et. al (US 1988) and Deon Nel and Leyland Pitt (UK 1993).

In respect of this, the growth of the customer service concept in Malaysia is similar to that of the west, where customers are highly critical of the service they encounter. This confirmed the earlier findings that the zest for quality service is a worldwide phenomena not bounded by demographics, values, personality and other environmental forces. In summing up we could say that customer service is not value-laden.

4.5.3.2 Analysis of the Difference Between Customers' Expected Service and Their of Service Delivery (Gap D).

Understanding customer expectation is a prerequisite for delivering superior service; customers compare perceptions with expectations when judging a firm's service (figure 2.7, page 67). Having experience a shortfall in service quality (Gap C), customers compare their expectation with perceptions. This relationship has been acknowledge in previous research on service quality and customer satisfaction⁵⁴. In this references, consensus exists that expectations serve as standards with which subsequent experiences are compared resulting

⁵⁴ Gronroos, Christian, (1982), "Strategic Management and Marketing in the Service Sector," Helsingfors : Swedish School of Economics and Business Administration.

Oliver, Richard L., (1980a), "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions," Journal of Marketing Research 17 (November): pp. 460 - 469.

in evaluations of satisfaction or quality (see 4.5.3.3). As proposed by Parasuraman et al⁵⁵, Gap D, the customer based measure, is a function of the organizational gaps (Gap A - C). Accordingly, the proposition examine in this study is :

Gap D : There is a significant difference between customers' expected service and their perception of actual service delivered.

Using paired samples t - test a comparison was made between customers' expectation of service and their perception of actual service delivered (see table 4.43 for results).

Table 4.43 : Summary of hypothesis : There is a significant difference between customers' expected service and their perception of actual service delivered.

Dimensions	Findings
(1) Expectations	n = 114, mean = 4.130, sd = .402
(2) Perceptions	n = 114, mean = 3.347, sd = .684
	t value = -10.49, sig = 0.000*

* significant level $p < 0.001$

Results :

Paired t test was carried out twice, first it was administered on total customers' expectation against total customers' perception. Significant level is at $p < 0.000$, which is highly significant.

⁵⁵ Ibid.

To be conclusive it was later followed by a test against each dimensions of customer service delivery (table 4.44). These two results concur where all dimensions showed highly significant results.

Customers have high expectation on customer service delivery but upon receipt of the service their perception was not strongly in agreement. An illustration of this gap is shown in figure 4.5. The significant level at each of these customer service dimensions is also at $p < 0.000$ (see table 4.44).

Discussion :

This comparison indicates a disconfirmation paradigm (when expectations were not met by perceptions). This result indicates that there exist an element of discrepancy in the quality of service delivered by the Pilgrims Management and Fund Board, Malaysia.

The findings is in accord with the findings of Churchill and Surprenant⁵⁶ , Tse and Wilton⁵⁷, and Oliver and DeSarbo⁵⁸ as discussed by Yi⁵⁹ and Johnson and

⁵⁶ Churchill, Gilbert A., Jr. and Carol Surprenant, (1982), "An Investigation Into the Determinants of Customer Dissatisfaction," *Journal of Marketing Research*, 19 (November), pp. 491 - 504.

⁵⁷ Tse, David K. and Peter C. Wilton, (1988), "Models of Consumer Satisfaction Formation : An Extension," *Journal of Marketing Research*, 25 (May), pp. 204 - 212.

⁵⁸ Oliver, Richard and Wayne S. DeSarbo, (1988), "Response Determinants in Satisfaction Judgments," *Journal of Consumer Research*, 14 (March), 495 - 507.

⁵⁹ Yi, Y., (1990), "A Critical Review of Consumer Satisfaction," in *Review of Marketing*, Valarie A. Zeithaml, ed. Chicago: American Marketing Association, pp. 68 - 123.

Fornell⁶⁰, customer satisfaction is expressed as a function of prepurchase expectations and postpurchase perceived performance (of the respective product/service), both of which, in line with Rational Expectations Theory, are expected to have a positive effect :

Customer Satisfaction = F (expectations, Perceived performance).

The result of this hypothesis also reaffirmed the argument of Poiesz and Bloemer⁶¹ that for the confirmation paradigm to be valid and useful in the explanation of satisfaction, three conditions must be met. The first condition is that expectations are formed, the second one is that evaluations are formed, and the third condition is that expectations and evaluations allow for a direct mutual comparison.

From table 4.44 and table 4.43, it can be concluded from both the analysis that in general the service provided by the Pilgrims Management and Fund Board does not meet customers' expectation. Respondent number 84, a public servant from the west coast has made the following comment about the level customer service he has received:

⁶⁰ Johnson, Michael D. and Claes Fornell, (1991), "A Framework for Comparing Customer Satisfaction Across Individuals and Product Categories," Journal of Economic Psychology.

⁶¹ Poiesz, Theo B.C. and Jose M. Bloemer, (1991), "Customer (Dis) Satisfaction with the Performance of Complex Products and Services - the Applicability of the (dis) confirmation paradigm," in "Marketing Thought Around the World," Proceedings of the 20th European Marketing Academy Conference, Vol 2 : 446 - 462, May, Dublin, Ireland.

Employees of Luth who are supposed to help customers should "devote" their energy, time, effort, attention to customers. They should not use of the opportunity to perform Haj at the expense of the customers' needs. They should do so on their own time. The problem is that when employees of Luth perform the Haj during the official duty, they will not be able to serve the customers well. Thus, customers' needs are left unattended. Hence, the value of service is not materialised, as to some the fees paid is a life long investment.

Conclusion :

There is a significant difference between customers' expectation and their perception of actual service delivered. This findings has an important implication on the future trend of customer service in Malaysia. First, expectations of Malaysian customers are at present high with the reverse direction of economic development from an agro-based industry to that of heavy industry. Coupled with the influx of western ideas, the demand for higher service will continue to grow. Moreover, the customers themselves are enjoying more economic freedom and mobility.

Therefore, Malaysian managers need not be complacent with what they are doing with service quality. More rigorous effort need to be undertaken to meet customers' expectation. Henceforth, the role of media is important in shaping up customers' expectation as well as keeping

them informed of what is in store for them. This will help the positioning of service in customers mind, just as that of the tangible products.

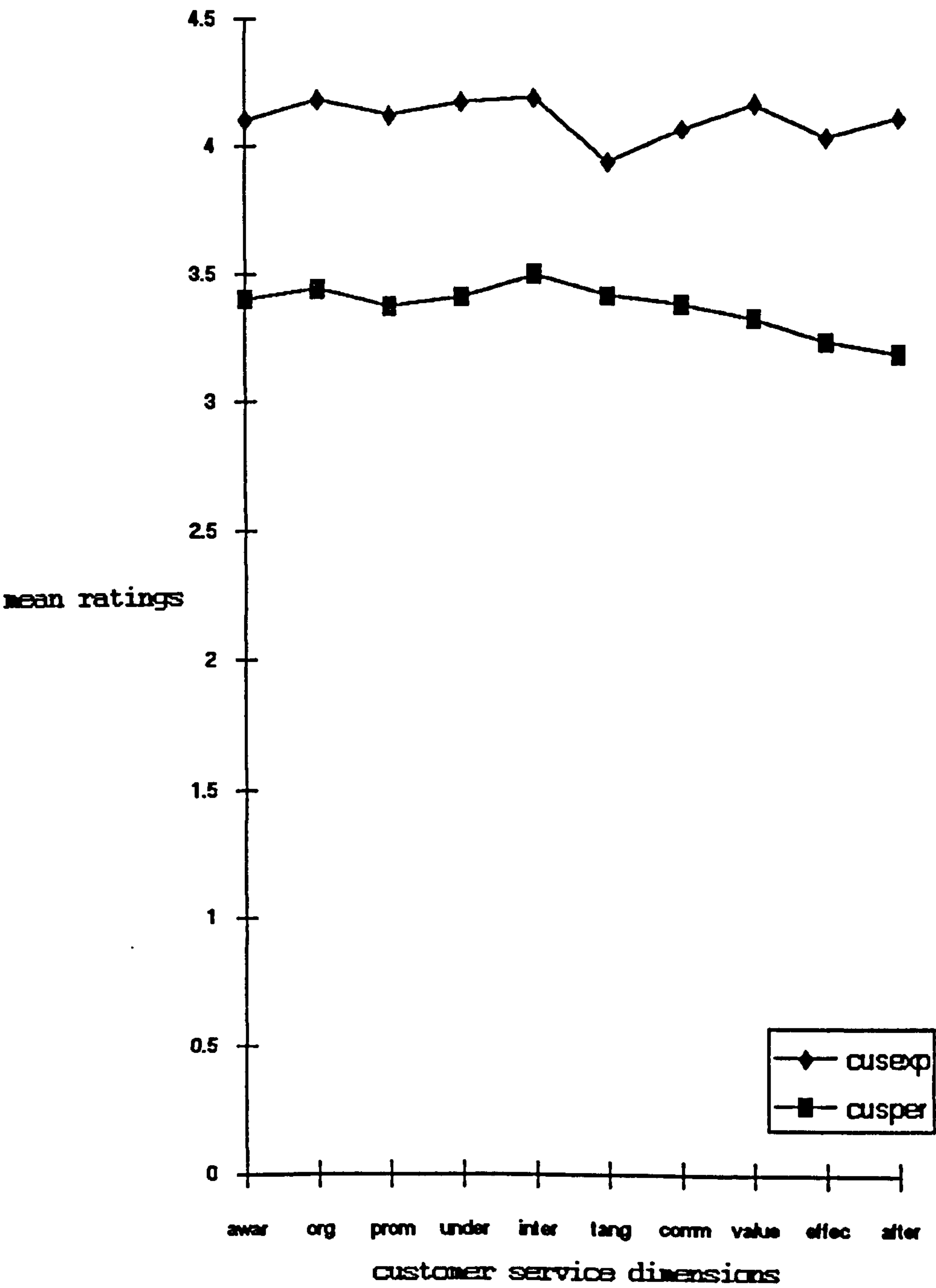
As for Luth, the management need to have a forward looking stand and must always toeing in line with the needs of their customers. This is regardless of the fact that they are operating in a monopolistic situation; they should not underestimate their customers' expectation. As proven by the analysis, the need for quality service is an intrinsic value and in does not been influenced by environmental factors.

Table 4.44 : Gap D by Dimensions

Dimensions	Findings
	(1) customers' expectation (2) customers' perception
1.Awareness of customer service policy.	n= 127, mean = 4.11, sd. = 0.582 n= 127, mean = 3.46, sd. = 1.316 t-value = 5.26, sig.level= 0.000
2.Organizational factors.	n= 127, mean = 4.18, sd. = 0.520 n= 127, mean = 3.43, sd. = 0.804 t-value = 8.61, sig.level= 0.000
3.Promotion & Advertisement	n= 125, mean = 4.13, sd. = 0.515 n= 125, mean = 3.39, sd. = 0.932 t-value = 7.90, sig.level= 0.000
4.Understanding of the customers.	n= 121, mean = 4.19, sd. = 0.477 n= 121, mean = 3.44, sd. = 0.728 t-value = 9.61, sig.level= 0.000
5.Interpersonal skills of employees.	n= 125, mean = 4.20, sd. = 0.483 n= 125, mean = 3.51, sd. = 0.770 t-value = 8.90, sig.level= 0.000
6.Tangibles & Physical Surroundings.	n= 127, mean = 3.95, sd. = 0.637 n= 127, mean = 3.42, sd. = 0.699 t-value = 6.00, sig.level= 0.000
7.Effectiveness of communication.	n= 124, mean = 4.06, sd. = 0.468 n= 124, mean = 3.40, sd. = 0.826 t-value = 8.46, sig.level= 0.000
8.Value of service.	n= 126, mean = 4.19, sd. = 0.555 n= 126, mean = 3.34, sd. = 1.014 t-value = 8.36, sig.level= 0.000
9.Effectiveness of logistics.	n= 126, mean = 4.04, sd. = 0.427 n= 126, mean = 3.24, sd. = 0.850 t-value = 9.12, sig.level= 0.000
10.After sales service.	n= 127, mean = 4.15, sd. = 0.044 n= 127, mean = 3.19, sd. = 0.938 t-value = 10.43, sig.level= 0.000

* significant level $p < 0.001$

Figure 4.5 : Comparison Between Customers' Expectation and Their Perception of Customer Service Delivery Process.



4.5.3.3 Measurement of Satisfaction :

Customer satisfaction is the customers' post-purchase evaluation of a product offering⁶². The customer is satisfied when the offering exceeds expectations and is dissatisfied when the service does not perform as expected (see figure 2.7, page 67). To further highlight the existence of gap D and to re-affirmed the confirmation paradigm to be valid and useful, the customer satisfaction factor is computed followed by a multiple regression analysis is used to show how variables in the research study are linearly related to dependent variable customer satisfaction.

(a) Computation of Customer satisfaction :

The quality of service (customer satisfaction)⁶³
= service quality delivered - service quality expected
= 3,347 - 4.130
= - 0.783

(b) Multiple Regression :

It was interesting to explore factors which could explain customers' dissatisfaction. Using multiple regression the following results are exhibited in table 4.45 :

⁶² Hunt, H.K., (1977), "CS/D - Overview and Future Research Directions," in H.K Hunt (ed). Conceptualization and Measurement of Consumer Satisfaction and Dissatisfaction, Cambridge, Mass : The Marketing Science Institute.

⁶³ Heskett J.L, Sasser W.E, Jr. and Hart, Christopher W.L, (1990), "Service Breakthroughs : Changing the Rules of the Game," The Free Press : New York, pp. 121.

Table 4.45 : Results of Multiple Regression (Stepwise Method) On Customer Dissatisfaction

MULTIPLE REGRESSION			
Dependent Variable : Customer Dissatisfaction			
Multiple R			0.5470
R ²			0.29779
Adjusted R ²			0.26687
Standard Error			1.43172
	Degrees of Freedom	Sum of Squares	Mean Squares
Regression	7	138.213	19.7
Residual	159	325.922	2.04
F = 9.63245	Significance of F = 0.000		
Variables in the equation			
Variable			
Age	0.032772	4.614	0.0000
Values :			
- Mature Love	- 0.036679	- 2.621	0.0083
- Social Recognition	- 0.060574	- 2.691	0.0066
- Wisdom	0.084902	3.588	0.0006
Personality :			
- Detach	- 0.033714	- 2.092	0.0448
Competition :			
- Monopoly	- 0.332061	- 1.919	0.0850
- Need For Competition	- 0.645356	- 2.906	0.0028

Results:

The regression of the dimensions of customers on overall customer satisfaction is reported in table 4.44. It can be seen that there is a significant relationship between the customers' dimensions and overall perceptions of customer satisfaction, with R^2 and adjusted R^2 0.29779 and 0.22823 respectively, and an F for the overall model test of 9.63245, significant at 0.0000. H_0 is thus accepted - there is significant relationship between customers' dimensions and overall levels of customer satisfaction provided by Pilgrims Management and Fund Board Malaysia.

The result from the computation of customer satisfaction indicated a negative finding. This reaffirms the findings of hypothesis number 13 that there is actually a disconfirmation of paradigm in the quality of service provided by the Pilgrims Management and Fund Board Malaysia.

Generally, customers are dissatisfied with the services provided. But being a monopoly in the industry and due to the nature of the service itself, which is religious, people become indifferent. This contention is supported by the fact that 57.4% (appendix 3.4 - section B1) of the respondents would not take any action if they experience good service, and another 52% (appendix 3.4 - section B2) of the respondents would not take any action if they experience bad customer service either.

The feeling of dissatisfaction over their expectation of service is equally shared by respondent number 75, a male employed in the public sector. When asked to comment, he responded :

Being an Islamic Institution I expected the staff of the Pilgrims Management and Fund Board to be more reliable and trustworthy. But to my dismay it was the opposite. Information flow is not reliable. I was not well informed of what to expect in Mecca. Training sessions were only devoted to the rituals of performing the Haj. The staff were there to help but instead they themselves were performing Hajj. I believe giving service to customer is secondary. They were known to do minimal work in order to be able to devote more time to Hajj work. No effort is taken to solve problems faced by pilgrims other than religious aspects. The problem of over-crowding is very much critical and has long been overdue.

A 45 year old businessman from the Raub district made the following remark with regard to organization's management of his expectation :

I do expect the Pilgrims Management and Fund Board to be efficient. Having over 30 years experience in Hajj management behind them I do not expect them to be sloppy in their organization. But nevertheless my expectations fell short. They often blame the third party for problems like logistics, lack of supervision on customers and deteriorating housing facilities. A clear example of my experience is that a friend of mine felt sick in Mecca, after subsequent reminders, the organization's welfare officer only appeared after three days.

4.6 Comparison of Previous Studies With Current Research .

Table 4.46 : Comparison of Current Research With Previous Studies

<p>Parasuraman et. al (US 1988)</p> <p>Unit of Analysis : Multiple</p> <p>1.retail banking 2.credit card 3.securities brokerage 4.product and repair maintenance</p> <p>Findings:</p> <p>Gap 1 :</p> <p>Difference Between Consumer Expectations and Management Perceptions of Consumer Expectations</p> <p>- not significant</p> <p>Gap 2 :</p> <p>Difference between management perceptions of consumer expectations and service quality specification</p> <p>- significant</p>	<p>Deon Nel and Leyland Pitt (U.K 1993)</p> <p>Unit of Analysis : Single</p> <p>1. Hyperstores</p> <p>Findings:</p> <p>Gap 1 :</p> <p>Difference Between Consumer Expectations and Management Perceptions of Consumer Expectations</p> <p>- not significant</p> <p>Gap 2 :</p> <p>Difference between management perceptions of consumer expectations and service quality specification</p> <p>- not tested</p>	<p>John A. Dotchin and John S. Oakland (U.K 1994)</p> <p>Unit of Analysis : Single</p> <p>1.University of Bradford Management Centre.</p> <p>Findings:</p> <p>1.It has been shown that significant differences exist in the perceived level of quality service across the SERVQUAL dimensions, and that consumers attach significantly different importance to each.</p> <p>2.There appears to be a negative correlation between importance and perceived quality which might be attributed to importance diminishing as satisfaction is achieved.</p>
<p>Gap 3 :</p> <p>Difference between service quality specification and service actually delivered</p> <p>- significant</p> <p>Gap 4 :</p> <p>Difference between service delivery and what is communicated about service consumers.</p> <p>- significant</p> <p>Gap 5 :</p> <p>Difference Between Customers' Expected Service and Perceived Service</p> <p>- significant</p>	<p>Gap 3 :</p> <p>Difference between service quality specification and service actually delivered</p> <p>- significant</p> <p>Gap 4 :</p> <p>Difference between service delivery and what is communicated about service consumers.</p> <p>- not tested</p> <p>Gap 5 :</p> <p>Difference Between Customers' Expected Service and Perceived Service</p> <p>- significant</p>	<p>2.The observation has made that service quality must be assessed by consumers on several heterogeneous dimensions of the service package.</p> <p>Attributes of service acting singly and in pairs produce significant effects on the importance which consumers attach to some dimensions of the service package.</p>

This Study : (Malaysia 1995)

Unit of Analysis : Single

**: The Pilgrims Management
and Fund Board,
Malaysia**

Findings :

**Gap A : Difference between customers'
expectations and employees'
perceptions of customers'
expectations.**

- significant

**Gap B : Difference between customers and
employees perception of customer
service delivery.**

- significant

**Gap C : Difference between customers and
employees' evaluation of the
service quality actually delivered**

- significant

**Gap D : Difference between customers
expected and perceived service**

- significant

Extension of Study :

1. There is customer dissatisfaction towards the quality of customer service delivery.

- significant

2. Factors explaining for customers' dissatisfaction :

- Age
- Values
- Personality
- competition

3. Factors contributing to customers' differences in expectation :

- Dwelling Area (significant)
- Personality (significant)
- Values (significant)

4. Factors influencing employees' perception of customer service delivery :

- educational level (significant)
- position (significant)
- salary level (significant)
- offer (significant)

5. Factors in explaining employees' perception level :

- sex
- no. of years working
- salary level

Discussion:

Test results concur with the findings of previous research in the U.K and U.S.A. It has been shown that significant differences exist in the perceived level of service across the dimensions, where customers and providers of service attach significantly different importance to each of these customer service dimensions.

From the findings it can be concluded that although Malaysia is culturally different from the western countries, particularly the U.K and U.S.A, results indicated that similarity exists in terms of perceived level of customer service delivery. Studies in all three countries indicated a difference between customers' expected service and their perceived service.

In terms of the difference between customers' expectations and managements' perception of customers' expectation, this proposition is not significant in the U.K and the U.S.A. On the other hand, this proposition is significant in Malaysia. This is to say that Malaysian managers are not as skilful as their western counterparts in gauging their customers' expectations.

Second, it can be concluded from the research findings that although Malaysia is a new developing country with eastern traditions, it exhibits the same concept and characteristics of customer service. By definition the concept itself is prone to diversity both by the

customers and the providers of services, but as in the west both groups concur on the ultimate objective of customer service ; i.e customer satisfaction. Thus, customer service has to be incorporated into the Malaysia Incorporated concept⁶⁴ in order to strive towards achieving the Vision 2020 as well in order to match the improvement in purchasing power and customers' expectation.

Therefore, customer service is a phenomenon which Malaysian managers have to reckon with and it should not be neglected.

⁶⁴ A concept that is based on a partnership between the government and the private sector, a concept of a nation as a giant corporation in which public and private sectors are together tasked with ensuring its success and entitled to share its benefit.

CHAPTER 5

SUMMARY AND IMPLICATIONS OF THE STUDY

Introduction

This chapter summarises this study. The implications, both theoretical and managerial are drawn from the preceding chapters. Recommendations for practitioners and researchers are also discussed. Finally, the chapter concludes with the limitations of this study and suggestions for future research.

5.2 Research Implications

The implications which can be drawn from the results of this research are discussed in this section.

5.2.1. Theoretical Implications

Data on customer service practices in Malaysia is at present scarce and there have been no known in-depth studies on this issue. The findings add to what is minimally known about customer service in developing countries. The analysis revealed and confirmed the proposition that there is a significant difference in the perceived level of service quality across dimensions, and that customers and managers attach significantly different importance to each.

The results of the test reaffirmed the assumption made in chapter 1, that there is a clear relationship between measured perception of customer service variables and market response as measured by satisfaction. The results of the test imply that the lower the difference between customers' expected service and perceived service the higher the customer satisfaction. These findings concur with the confirmation/ disconfirmation paradigm.

An added dimension to this thesis is that it extended the study beyond the issue of customer service gaps. As being argued in chapter 1, perception is only an intermediate variables. It has not previously been thoroughly tested against factors which influence and contribute to this perception. Because of the role of these intervening variables, we have included; (1) factors contributing to customers' expectations of customer service delivery and (2) factors influencing the employees' perceptions of customer service delivery.

Customers service is not a cultural or environmental element. There is a distinct lack of significant correlation between cultural and environmental factors with expectation and perception of customer service. Expectations are high even in unsophisticated areas and are not fully met. This suggests that expectation may be a fundamental by-product of social interaction rather than the product of any particular kind of consumer

culture. But customer service delivery must grow because of the need to differentiate as competition speeds up. Therefore, western ideas should be incorporated into the Malaysian scenario.

This in turn suggests that there are few barriers in Malaysia to the spread of customer service ideas common in the west over a number of years. The only difference from the west is likely to be the Malaysian Employees are not quite aware of the importance of customer service.

5.2.2 Managerial implications

Although not the main thrust of the study, several findings and recommendations of a consultancy nature can be developed for the benefit of Luth :

On the basis of the findings, generally it can be argued that there is customer dissatisfaction towards customer service delivery at LUTH. Although, today LUTH is a big corporation, it could not be implied that it has been able to achieve its objective of ; rendering the best and the most satisfactory services to Malaysian pilgrims in matters pertaining to the performance of Haj.

Its success is much attributed to its main strength; i.e its monopolistic position in Pilgrims Management. Research findings indicated that there is a significant difference between customers' expectation and their

perception of customer service delivery. An argument can therefore be made that there is a need for management intervention to improve the state of customer service delivery at LUTH. These interventions include the following :

a. To intensify the use of market research and using its findings more effectively.

b. To increase the interaction between management and customers. Managers must spend time on the line, interacting with customers and experiencing service delivery. Managers should not only be concerned with administrative procedures and the technical functions but should be more attuned to the functional aspect of customer service delivery.

c. To improve upward communication from contact personnel to management. If the information from the ground has been properly managed and channelled to top management, long out-standing customer service problems could have been better managed.

d. To reduce the number of levels between contact personnel and management. Multiple levels of management inhibit communications and understanding because they place barriers between top managers, who set standards for service quality, and contact people, who actually deliver quality to customers.

e. Gaining commitment of middle management. If top-management is the key to setting service standards to deliver quality, middle-management commitment to the Clients Charter is the key to making those standards work. Lack of middle-management support will not improve customer service delivery.

f. Standardization of task and facilities between the Head-quarters, state-office and district office.

g. Providing role clarity. Management can use key tools to provide role clarity to employees : communication, feedback, and competence¹.

h. Building teamwork.

¹ D. Katz and D. Kahn, (1978), "The Social Psychology of Organizations," New York : John Wiley & Sons.

i. Provision of more affirmative control and supervisory procedures.

Other than the above interventions, the following recommendations can be made to the managers of LUTH in the area of customer service delivery :

a. Even if a company provides a high level of service, customers may not observe it and recognise this fact. It is very important that managers at LUTH pay special attention to the communication aspect of customer service delivery.

Data collected during this study indicates that there is a significant difference between employees' and customers' perception of customer service delivery in terms of the effectiveness of communication at LUTH. The managers' and customers' mean ratings on this dimension were at 3.86 and 3.39 respectively, with significant level at 0.000.

b. It is very important for LUTH management to monitor customers' perceptions of the service level provided. Low perceptions of the customer may lead to an unfavourable market response (customer dissatisfaction).

Monitoring of customer service perceptions is very vital and crucial to LUTH as it is in a monopolistic situation. This could be done through periodic customer

audits and customer service evaluation. This can help the management of LUTH to decide what corrective actions to take, when to take them, and in which particular segment of the market.

5.3 Limitations of the Research

This study has the following limitations :

5.3.1. This study focuses on only one industry (in order to increase internal validity), therefore the generalization of its results (external validity) to other industries cannot be assumed.

5.3.2. The population from the sample is confined to only one ethnic group of the Malaysian population. As such, the findings are reflective of only the Malay Muslim population. As there are other ethnic minorities in Malaysia, caution should be exercised in extending the implications of findings to the general Malaysian population.

5.3.3. Only elements of customer service which can be perceived and identified by the employees as well as by the customers were included in the measures of customer service.

5.3.4. The low response rate from managers at LUTH may have added a considerable amount of "noise" to the data.

In addition, responding employees may have a tendency to identify only the better aspects of perception on customer service delivery.

5.3.5. This study is cross-sectional in nature, it does not help to explain the changes in the customer service relationship over time.

5.4 Directions for future research :

5.4.1. This research was conducted in one industry and on one ethnic group. The methodology of this research may be replicated in several different industries with multi-racial customers to determine whether the proposed model is applicable across industries and racial boundaries. As this study involved the perceptions in a public sector organization, future research could include a comparative perception between public and private sector service organizations in Malaysia.

5.4.2. The concepts and the methodology of this research may also be applied to other settings with appropriate modifications. Such studies may include a cross-cultural comparison between nations on customer service perceptions.

5.4.3. A longitudinal study of manager-customer differences in the perceptions of customer service may provide some insights into the dynamic nature of the

customer service relationship. In addition to the measurement of manager- customer differences in perception, during this longitudinal study, variables which have the potential of influencing manager and customer perceptions on other relevant variables should also be studied. Such a study may help in the customer service relationship over time.

5.4.4. In this research, it has been established that there is a relationship between customers' perception of customer service and customer satisfaction. But the methodology used to determine this relationship needs further refinement to establish more conclusive findings.

5.4.5. In addition to the factors identified in this research, there are also other additional factors which influence customers' perceptions; word-of-mouth communication, personal needs, and past experience. Research focusing on the relative impact of these factors on consumers' service, within as well as across service categories within the Malaysian context, will have useful managerial implications.

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Appendix 1.1 :

THE ORGANIZATION AND MANAGEMENT OF THE PILGRIMS MANAGEMENT AND FUND BOARD OF MALAYSIA

Introduction :

This appendix attempts to give an overview of the unit of analysis; i.e The Pilgrims Management and Fund Board Malaysia, hereafter referred to as LUTH. This includes its organization, management and state of customer service.

1.2 Background

LUTH was formed in 1969, when the Pilgrims Savings Corporation (incorporated in 1963) was merged with the Pilgrims Affairs Office (which began operation in 1951) under the Laws of Malaysia Act 8, The Pilgrims Management and Fund Board 1969. Its incorporation is a manifestation of the government's concern over the welfare of its Muslim populace in relation to their pilgrimage to the Holy Land. The journey to the Ka'abah would mean lifetime savings to some, with lots of sacrifices and hardships. The economic plight of Muslims in general and particularly after performing the Haj was very distressing and has had adverse implications on the economic development and national growth.

Based on his research and observations done in the 1950's, Royal Professor Ungku Aziz found that Muslims

saved money mainly on account of a desire to perform Haj. They saved in pillows, under mattresses and floors, in cupboards, in earthen jars which were buried for safety or purchased land or livestock, later to be sold to meet expenses on their journey to the Holy Land. These traditional methods of savings were not only detrimental to rural economy but also the national economic development.

The fundamental concept behind its creation was to enable Muslims to save for pilgrimage without any fear of their money being tainted by *riba*¹ (usury) which is forbidden in Islam. That still remains, although since then it has been encouraging Muslims to save not only for pilgrimage but also for other purposes and yet in the process earn profits¹ out of their savings. It is alleged that to date, the Board is able to provide not only efficient service but also ensures maximum returns on their investment.

The Board was established not only with the aim of rectifying the socio-economic problems but also to provide services that enable Muslims to invest and effectively participate in the nation's economic activities. Profits, thus derived from the investment

¹ Islam is a complete religion which encompasses the whole spectrum of the human life. Thus, it is not restricted to the common rituals of prayers, paying zakat, fasting and performing haj and other religious rituals. Islam encourages business and in fact has a complete code of ethics (*muamalat*). Islam encourages giving to charity but in no way is Islam a charitable religion. Islam also believes that the majority of Allah's bounty (*rizq*) lies in business but provided they are done according to its tenets. In essence what LUTH does and will endeavour to do therefore are in line with the Islamic principles.

could then be utilized to meet expenses for pilgrimage as well as for any other beneficial purposes.

From a modest start with 1,281 depositors in 1963 and a total of M\$46,600 in deposits collected through its three branches, the Board has now grown into a big corporate body with 89 branch offices throughout the country and plans for further expansion. As at 31 December 1992, there were 2,179,292 depositors with the Board with a turnover of M\$332,204,000 and a profit after tax of M\$85,845,000 (see Appendix 4.1 for financial highlights).

One of the main strengths of LUTH is in its almost monopolistic position in pilgrims management. The monopoly is derived from provisions within the Tabung Haji Act which preclude any other individuals or entities operating Haj services in Malaysia unless with consent from the Minister in charge of Tabung Haji. From the commercial point of view this monopolistic position assures LUTH an inflow of pilgrims' deposits each year.

LUTH is both a business and social organization. Other than providing non-profit oriented Haj services which is the core business of the organization, its Investment Department functions as a profit centre. The functions of LUTH are essentially based on its goals stated below :

- a) To render the best services to Malaysian Pilgrims throughout the performance of the Haj
- b) To give maximum returns on their savings (investments)

LUTH is also both a social and business organization because it has these goals :

1. to help Muslims save gradually in order to provide expenses in performing the pilgrimage or other expenses beneficial to them
2. to provide protection, control and welfare of Muslims while on pilgrimage through various facilities and services of LUTH
3. to enable Muslims through their savings to participate in investment, in industry, commerce and plantations (according to Islamic principles²).

² LUTH participates in investment ventures through equity participation in public listed and non-public listed companies, joint venture projects and privatization projects, all strictly in keeping with the Islamic tenets. LUTH also invests in properties and short-term investment instruments. Among the syariah concepts adhered by LUTH in its investment practices are :

- a) Al-Musyarakah
- b) Al-Bai Bithaman Ajil
- c) Al-Mudharabah
- d) Al-Murabahah
- e) Al-Qardhul-Hassan

1.3 Historical Background

For years the economic plight of Muslims went unnoticed until the Royal Professor Ungku Abdul Aziz of the University of Malaya, a reputed academician and an authority on rural economy, presented a paper to the government suggesting the formation of the Pilgrims Saving Corporation.

The idea in setting up the Corporation is to :

1. assist Muslims to perform the pilgrimage to Mecca without impoverishing them or
2. further imposing any financial hardships after their pilgrimage.

The corporation would provide facilities for them to save and invest in more profitable ways.

Reason for recourse to traditional way of savings was due to their desire to be absolutely sure that money to be spent on pilgrimage was clean and untainted with *riba'*. Savings in any bank or financial institution at that time (before the formation of the Bank Islam Malaysia) would involve *riba'*. In his paper, "A Plan to Improve the Economic Position of Future Pilgrims", submitted to the government in 1959 Royal Professor Ungku Abdul Aziz recommended that future pilgrims can save in a bank or financial institution which is unblessed with *riba'* but yet yields profits. Profits derived from investments

would be returned in the form of profit sharing or dividends to depositors and thus not only avoiding riba' but also assisting them financially in meeting their expenses for the Haj. However, the suggestion could not be implemented then as the government was unable to resolve the question of riba'.

The recommendation could only be implemented in 1962 when Sheikh Mahmoud Al-Shaltout, Rector of Al-Azhar University of Cairo, visited Malaysia and after studying the paper, was fully convinced on the soundness of the recommendation. He praised the plan as one that would greatly benefit the Muslims in Malaysia and urged its implementation. Thus, the Pilgrims Savings Corporation was incorporated in August 1962 and launched on September 30, 1963.

Six years later in 1969, the Corporation was merged with the Pilgrims Affairs Office which had been in operation since 1951, to give birth to The Pilgrims Management and Fund Board or Lembaga Urusan dan Tabung Haji (LUTH), more popularly known as Tabung Haji under the Laws of Malaysia Act 8, The Pilgrims Management and Fund Board 1969 (and Act A 168 The Pilgrims Management and Fund Board (Amend.) 1973).

1.4 Functions

Broadly, LUTH's functions are as follows :

- (i) Collection of savings through branch offices, Department of Post Office, and deduction of salary of employees from both private and public sectors;
- (ii) Investment of depositors' savings in accordance with investment principles and tenets of Islam; and
- (iii) Administration of Haj Affairs in matters pertaining to the conduct of courses on Haj, arrangement of medical services, issue of Haj passports, arrangement of transportation and provision of welfare and medical facilities to pilgrims both in Malaysia and in Saudi Arabia.

1.4 Corporate Objectives

The clarity of its goals enables the management of LUTH to formulate the following objectives :

- (i) to render the best and most satisfactory services to Malaysian Pilgrims in matters pertaining to the performance of Haj;
- (ii) to give maximum investment returns to depositors on their savings.

To achieve those objectives, LUTH has been thought-fully structured to have enough flexibility to ensure efficiency in performing its statutory functions. As a statutory body, LUTH claimed to have freed itself from the shackles of bureaucracy and red tape and thus can operate more effectively to meet whatever needs and demands may arise.

1.5 Investment Principles

LUTH is actively involved in a variety of economic enterprises namely - commercial, industrial, housing development and plantations (see appendix 4.2 for Corporate Data). In 1966, only 3 years after its inception, the Board was able to pay a 3% dividend (bonus) to its depositors. Currently, the rate is 8% and is expected to increase further when those plantations owned by the Board become fully productive and various investments begin to pay dividends.

The investment philosophy of LUTH encompasses a medium to long term perspective which emphasizes growth sectors that benefit from changes and improvement in the industrial structure and the economy. LUTH focuses on those companies with good track records that will lead the economic growth of each industry and on those companies that will be able to sustain high earnings growth. In view of this, LUTH's investments are mostly for long term with the emphasis on a high dividend rate.

LUTH adopts a cautious investment approach towards its investment activities. Emphasis is placed on the fundamentals of a company, its superior management efficiency and high growth potential sectors with synergies in the industry so as to safeguard and ensure success of LUTH's investment. Diversifying into various sectors provides widespread hedging opportunities which ensures security in investment and offers good returns.

LUTH's main investment objective is to produce steady incremental returns. The decision-making process is in line with LUTH's investment choices that are consistent with its overall philosophy of long-term growth, risk minimization and steady investment return. Key investment decisions are advised by an Investment Advisory Panel (Appendix 4.4) whose members are appointed by the Prime Minister of Malaysia and approved by LUTH's Board of Directors.

Further LUTH is recognised as an approved investment Institution under the Malaysian Government's New Economic Policy. As such, LUTH is invited by companies to participate in their restructuring exercises to reflect bumiputra and local equity participation.

1.5.1 Types of Investment

LUTH's investment can be categorised into 4 types, namely; short term investment, investment in companies, investment in subsidiary companies and investment in land and building.

(i) Short Term Investment

LUTH invests its short term funds in an investment account in Bank Islam Malaysia Berhad and Government Investment Certificates. These funds can be liquidated whenever LUTH decides to participate in longer term investment which yield higher returns. The short term surplus funds for Haj expenses are invested in Investment Funds in the Middle East before being transferred to Saudi Arabia for Haj purposes.

(ii) Investment In Companies

Investments in companies are classified into public listed and non public listed shares. Most of LUTH's investments are public listed companies since the securities are easily marketable.

It is LUTH's policy as far as possible not to participate directly in the management of a company. In cases where LUTH's holding is more than 10% of the company's equity, LUTH seeks board representation. LUTH Board Members and/or senior officials sit on the board of the company as representatives looking after the interest of LUTH.

Regular visits are also made by LUTH's officers to the factories and offices to keep in touch on the progress of the company and also to be informed of future plans. Furthermore, constant reviews are made by LUTH officers on the overall performance of the companies.

LUTH's returns on investment are derived from the following sources :

- (a) dividends from investments in public listed and non public listed companies
- (b) dividends from government investment certificates
- (c) property rental
- (d) foreign exchange gains
- (e) capital gains from sales of shares

Currently, LUTH's investments are focused in the following industries :

- (a) Food Industry
- (b) Plantation
- (c) Construction
- (d) Manufacturing
- (e) Pharmaceutical
- (f) Services : high technology communication and computer services.

It is LUTH's intention to become further involved in high technology related industries and other growth areas like electronics, prescription drugs, paper products and packaging.

(iii) Investment In Subsidiary Companies

LUTH has established wholly owned companies where it participates actively in the management of these companies. Presently, LUTH has incorporated nine subsidiary companies (see appendix 4.2).

(iv) Investment in Land and Buildings

Another long term investment undertaken by LUTH is in the property market. Over the years LUTH has actively participated in the investment of properties by constructing office buildings for LUTH offices as well as for rental purposes.

LUTH is considered as one of the biggest property owners in Malaysia with 62 buildings all over the country along with a very sizeable land bank for development.

1.6 Organization Structure (see appendix 4.3)

The efficiency and effectiveness of any organization is very much dependent on how its functions are being structured and geared towards achieving defined goals and stated objectives. Besides the organization structure, stated objectives need to be measurable and also attainable.

1.6.1 The Board of Directors

LUTH, similar to any other organization has its own modus operandi which is stipulated in its Act of Incorporation. Established as a statutory body under the Prime Minister's Department, LUTH is governed by a board of directors constitutes the following members :

- (i) a Chairman
- (ii) a Deputy Chairman
- (iii) a representative of the Prime Minister's
Department
- (iv) a representative of the Treasury
- (v) a Director General
- (vi) not more than 5 other members appointed by
the Minister; and
- (vii) a representative from the Ministry of Health

Members of the Board other than ex-officio members shall be appointed or nominated from among citizens who are Muslims. Appointment of the Chairman, Deputy Chairman as well as Director is made by the Yang di-Pertuan Agong - the King.

It is the prime duty of the Board to administer the Funds and all matters pertaining to the welfare of the pilgrims, to formulate policies in connection therewith and to perform other duties as provided under the Act. The Board receives advice from the Financial Advisory council and the Haj Operation Advisory in dispensing its duties. Both councils are formed under the provision of the Act.

1.6.2 Financial Advisory Council

For the purpose of advising the Board on the question of whether or not it is desirable for the Board to invest in any assets of the Fund in any particular investment or in investment of any particular description or to retain any investment already made, the Financial Advisory Council was formed under the Act to provide such assistance to the Board. The member's of the Council constitutes the following:

- (i) the Director General
- (ii) the Director of Finance; and
- (iii) four other members appointed by the Minister.

It is mandatory for the Council to convene a meeting at least once in every 3 months and it makes reports and recommendations for the deliberation by the Board.

1.6.3 Haj Operations Advisory Council

The Haj Operations Advisory Council was established under the Act to exercise the following functions:

- (i) Generally to advise the Minister on matters pertaining to the welfare of pilgrims; and
- (ii) To advise the Minister on any matter referred to it by the minister.

The following constitutes its membership :

- (i) the Chairman of the Board who shall be the Chairman of the Council;
- (ii) a representative of the Prime Minister's Department;
- (iii) a representative of the Treasury;
- (iv) a representative of the Ministry of Foreign Affairs;
- (v) the Director General who shall be the Secretary of the Council; and
- (vi) a representative from each of the States in Malaysia.

The Council is required to meet at least once during every calendar year. The implementation of decisions made by the Board upon advice from both Councils is being delegated to the management and supervised by two statutory committees; namely the Financial Committee and the Welfare Committee which are formed under the provisions of the Act.

1.6.4 Finance and Welfare Committees

Both committees are established by the Board and chaired by the Director General. Members of the Finance Committee constitutes of the following:

- (i) the Director General - Chairman
- (ii) the Director of Finance - Secretary
- (iii) a representative of the Prime Minister's Department;
- (iv) a representative of the Treasury; and
- (v) one member appointed by the Board.

In accordance with the policies of the Board, the Finance Committee is responsible for the Administration and investment of the Fund and is vested with powers delegated by the Board.

The Welfare Committee is also established by the Board and chaired by the Director General. Membership of the committee constitutes :

- (i) the Director General - Chairman
- (ii) the Director of Welfare - Secretary
- (iii) a representative of the Prime Minister's Department; and
- (iv) one member appointed by the Board.

The Welfare Committee is responsible for the welfare, protection, control and general well-being of pilgrims in accordance with the policies stipulated by the Board, and exercises powers delegated by the Board.

Apart from those Councils and committees mentioned, the Board, in dispensing its duties is empowered to establish other committees to assist it. The following committees were formed by the Board to perform some of its tasks and functions with powers delegated by the Board.

(i) Service committee

Given the task to perform on matters pertaining to establishment of posts, service conditions, recruitment and welfare of personnel as per Service Regulations of LUTH 1983.

(ii) Disciplinary committee

Tasked with the responsibility of upholding the disciplinary conduct of all LUTH's personnel in accordance to LUTH's Service Regulation 1983.

(iii) Tender and Quotation Committee

To perform all matters pertaining to tender and quotation with adherence to Procedures of LUTH and the Treasury.

(iv) Advisory Committee on Ibadah of Pilgrimage

Responsible for producing all publications on Ibadah of Pilgrimage and updating such publications.

1.7 Division of Functions

In the early years of its incorporation³, LUTH started off with very few branch offices and functional divisions at the headquarters and staff of hardly 20. After 26 years since inception, its branch offices have increased to 85 with 20 divisions under four departments at the headquarters level. The total number of staff has subsequently been increased to 1,550, excluding those under subsidiary companies. It is claimed that the increase in staff numbers is vital in order to meet the needs of providing the best service to its depositors and pilgrims. But the ability of LUTH to best serve its customers' needs is debatable, findings from chapter 5 have proved this to be otherwise.

The implementation of all policies laid down by the Board of Directors and the management of its daily affairs is the sole responsibility of the Director General - the Chief Executive Officer of LUTH and held accountable to the Board of Directors. Assisting him are four Deputy Director Generals in charge of each department according to their functions and activities who are directly accountable to the CEO. The establishment of each department is based on the division of specialized functions for the performance of specific activities.

³LUTH was set up under the Act of Parliament 1969.

Functional activities of each division at the headquarters level are further subdivided into branches, units and sections to provide for better supervision and control. The performance of each activity irrespective of its level is being closely guided by rules and work procedures to ensure conformity to corporate objectives. Nevertheless, great care has been taken to ensure that specialization of work would not stifle initiative or lead to beaucratic syndrome. But the provision of information from secondary data does not concur with field research. In actuality, findings in chapter 5 challenge this statement. LUTH is very much influenced by beaucratic syndrome, where the availability of very specialised departments has caused a decline in customer service delivery.

1.7.1 Department of Finance and Investment

This department is responsible for all financial transactions in accordance with provisions stipulated in Act 8, The Pilgrims Management and Fund Board 1969 and Act A 168 of 1973 (Amend.). Funds collected from depositors in the form of savings are prudently invested to ensure maximum returns with close adherence to Islamic principles.

For efficient discharge of its responsibilities, the Department has 5 divisions in support and each division is given specific functions to perform. All divisions are being headed by senior officers at director's level who are accountable to the head of department. The following are those divisions established under the department.

- (i) Finance
- (ii) Building Management
- (iii) Withdrawals
- (iv) Savings
- (v) Computer

All activities under this department are being closely coordinated by the Finance Committee which, apart from providing guidelines, also performs statutory functions on powers delegated by the Board of Directors. Over and above the assistance rendered by the Committee, the department also seeks advice from the Finance Advisory Council especially on matters pertaining to investments.

1.7.2 Department of Haj

The Department of Haj is responsible for discharging all services pertaining to Haj affairs whether in Malaysia or in Saudi Arabia.

To assist in the performance of its tasks, it has five divisions as support namely :

- (i) Welfare and Haj Operations;
- (ii) Guidance and Counselling;
- (iii) Transport;
- (iv) Health; and
- (v) Customer Service

The department comes under the purview of both the Welfare Committee and the Haj Operations Advisory Council.

1.7.3 Department of Administration

The department is responsible for matters pertaining to personnel, service regulations, recruitment, training and career development, logistical services to branch office and the dissemination of information of LUTH's activities.

There are 4 divisions under this department which are headed by senior officers at the director's level.

- (i) Communication and Information;
- (ii) General Administration;
- (iii) Personnel and services; and
- (iv) Training and career development.

1.7.4 Investment Department

The Investment Department is responsible for matters pertaining to corporate and investment. This includes promotion of corporate image, identifying of new business opportunities, analyzing corporate needs, planning and evaluating corporate strategies and research in current trends within the environment of the organization that may have an effect on corporate policies and strategies. There are 5 divisions under this department :

- (i) Corporate
- (ii) Research and Development
- (iii) Shares
- (iv) Land and Buildings
- (v) Money Management

The prime role of this department is to ensure that all activities of LUTH are being kept abreast of the needs and demands of its clientele groups by consistently analyzing changing trends for policy formulation.

1.7.5 Subsidiary Companies

As a statutory body, LUTH is constrained to be involved directly in commercial activities, not only by its own Act but also other governmental regulations. However, its ACT provides for incorporation of companies under the Companies Act of 1965. Currently, there are nine subsidiary companies (see appendix 4.3) incorporated and wholly owned by LUTH.

With the incorporation of these subsidiary companies, LUTH is now able to be directly involved in commercial activities and thus can maximise its investments besides ensuring efficiency and effectiveness.

1.8 Customer Service at LUTH

Customer service at LUTH falls under the jurisdiction of the Haj Department. Its practice and management is very much limited and confined to the domain of Haj management. By definition, its perspective does not concur with the holistic definition of the researcher. The findings from the secondary sources and interview with LUTH's senior officers, indicated that the service for pilgrims is acclaimed to cover all aspects and has been accepted as amongst the best in the world (see appendix 3.8).

1.8.1 Services Provided :

- (i) Registration for the Hajj
- (ii) Issue of Hajj Passport and Hajj Visa
- (iii) Medical Examination and Inoculation
- (iv) Transportation Arrangements
- (v) Services given at the Holy Land :

To ensure the welfare, safety and health of pilgrims during their stay at the Holy Land, LUTH sends two officials to accompany them. They are the Welfare and the Medical teams.

The Welfare Team is responsible for the following services :

- * accommodation services
- * savings and withdrawal services
- * to receive complaints from pilgrims and take necessary remedial actions
- * registration of deaths and births
- * to distribute pilgrims' newsletter
- * management of pilgrims' welfare fund
- * to receive reports on lost items
- * to administer the payment of dam
- * to search for lost pilgrims
- * to provide counselling services
- * to administer changes in flight schedules
- * to provide expert advice on the performance of the Haj

The Medical Team is responsible for the following services:

- * to administer the Malaysian Hospital at Aziziah
- * to administer dispensaries at Jeddah, Madinah, Arafah and Mina
- * to provide mobile clinic services
- * to provide ambulance services for sick pilgrims
- * to refer patients to government hospitals in Mecca
- * to take patients to Arafah
- * to make arrangements for sending patients home to Malaysia
- * to provide medical information to pilgrims
- * to provide medical services at the residence of pilgrims
- * to administer recuperating centres for sick pilgrims before they are discharged.

1.8.2 Corporate Mission/Client's Charter

The customer service practice and management at LUTH is very much dictated by the Corporate Mission and the Clients' Charter which were launched in December 1993 (see appendix 3.8). Information on them was made known to all staff and customers through dissemination of information literature such as circulars, "Berita Tabung Haji" and "Halaman Tabung Haji". In Bahasa Malaysia, the clients' charter/customer service policy states the following :

Kami berjanji dengan izin Allah untuk :

1. Membantu anda mendapatkan haji yang mabrur dengan perbelanjaan yang berpatutan
2. Menyelaras penerbangan haji yang menepati masa, selamat dan boleh diharapkan
3. Menyediakan penginapan yang bersih dan selesa di Tanah suci
4. Menyelenggarakan akaun anda secara profesional dan mengawalnya secara sulit dan persendirian
5. Melabur dalam bidang pelaburan yang halal, berhemat dan selamat supaya dapat memberi pulangan yang setanding dengan pasaran, di samping memastikan pertumbuhan yang berterusan
6. Memberi layanan yang mesra, cepat dan cekap
7. Memberi maklumat yang tepat, jelas dan terkini.

Literally translated, the customer service policy of LUTH would read as follows :

We promise with the blessing of Allah SWT

1. to help customers to obtain a complete (Mabrur) Haj with reasonable cost
2. to coordinate transportation facilities which are safe, dependable and efficient
3. to provide accommodation facilities which are clean, conducive and comfortable in the Holy Land

4. to administer and control customers' accounts in a safe, professional and confidential manner
5. to invest customers' deposits prudently and professionally in portfolios which are halal and safe and deemed to give good and continuous returns
6. to give courteous, efficient and effective service
7. to keep customers informed with the most accurate, recent and unambiguous information.

1.8.3 Customer Service Implementation :

- (i) In terms of policy implementation, management at LUTH makes sure that employees at all levels are committed to this charter and it seems that the Chief-Executive Officer is very satisfied and very happy with this, based on his judgement that employees' commitment in whatever they do throughout these years have made LUTH a successful enterprise.
- (ii) The above has been made possible through the inculcation of Islamic values in LUTH's employees such as honesty, hard work, trust etc through training programmes, and also reminding them that they have an obligation towards the Muslim Ummah

- (iii) The customer service policy was formulated and initiated through a session of "corporate mission formulation" held among the senior officers, called the "Executive Strategic Session". Here is where the Corporate Mission and Clients' Charter was drawn. Information on the Clients' Charter was gathered through an integrated technology system from state and branch offices with on-line facilities.
- (iv) Employees were involved and made aware of the customer service programs through "quality control circle" programmes among employees which include ways to help improve services towards customers. To further get individuals to believe in the customer service aspect, training programmes were initiated.
- (v) To sustain the customer service philosophy, the management continuously conducts an on-going training for staff, which emphasizes on culturing and upgrading effort to attain quality services.
- (vi) In terms of motivation to staff, they have become confident in doing their work effectively and skilfully. These are the results of training given to them on handling customers the right way.

Furthermore, it motivates the staff to have more job satisfaction when having fewer complaints from the public in regard to customer service.

As a whole, job satisfaction by staff will result in giving good services to customers. And an excellent service will give satisfaction to customers which is vital to success of LUTH.

1.9 Management Control Subsystems

In any complex organization, the element of control is of paramount importance in order to ensure success in all endeavours to accomplish stated goals and objectives. The processes of planning and organizing, decision making and implementation need to be properly coordinated, reviewed and evaluated. Generally, the function of coordinating, reviewing and evaluating is the responsibility of the Chief-Executive Officer apart from planning and organizing all activities for achievement of maximum results.

1.9.1 Planning and Organizing

The Director General of LUTH is responsible for planning and organising all activities in accordance with policies laid down by the Board. The organization structure and annual budget reflect the strategies adopted by the Director General to ensure emphasis is given wherever required for maximum results.

After getting all inputs from both the Advisory Councils, Committees and all Departments, the Director General formulates strategies and make recommendations to the Board. Once approved, the implementation of those policies will be carried out by relevant departments. The Director General will institute proper work procedures to effectively implement those policies.

For subsidiary companies, the planning process is also similar. All policy matters are referred to their own respective Board of Directors for decisions. Any policy to be adopted will be in concurrence with existing policies of LUTH as a parent body and subject to the advice by the Finance Advisory Council and approved from LUTH's Board of Directors since it involves utilization of depositors' funds.

The planning and organising process also comes under the purview of the Prime Minister's Department and the Treasury since both have representatives on the Board of Directors of LUTH and also on some committees.

1.9.3 Implementation, Review and Control

Implementation of all policies or strategies is the sole responsibility of the Director General who is assisted by the Deputy Director Generals. Each Deputy Director General is responsible for ensuring that policies are efficiently executed and they monitor both progress and

impact of such policies or strategies. Apart from normal reporting procedures, the Director General is kept informed through weekly and monthly returns submitted by all departments. In turn the Director General also submits reports to the Board at every Board Meeting. Through such reports, the Board is able to review the progress and achievements made.

Allocations of funds for annual operational expenditures, special projects/expenditures which all involve depositors' funds require the approval from the Board after being reviewed by the Advisory Finance Council on recommendations made by the Finance Committee. Such proper check and balance elements are being instituted in almost all processes and procedures to ensure efficiency and effectiveness.

At a glance, the organizational structure of LUTH reflects a fully autonomous body, able to exercise its statutory powers and execute whatever policies are for the benefit of its depositors. The Board of Directors being its highest authority is empowered under the Act to formulate policies and implement programmes in the interest of the organization and also its depositors. However the element of check and balance is itself inherent in the Act apart from stringent measures adopted by the management.

A clean, efficient and trustworthy service is the keynote to its dramatic success. The management made no compromise to uphold the trust placed upon it.

1.10 Future Plans

LUTH's success story does not end here. Realising the future holds greater challenges, LUTH has consolidated several plans for its future. These include :

- (i) Increasing its investment in all spheres of commerce and industry which adhere to Islamic principles;
- (ii) Establishing offices in every district in Malaysia;
- (iii) Raising the profit margins of its business ventures so as to increase the bonus payments to its depositors; and
- (iv) Improving its service for pilgrims (which is the focus of this research).

Utmost efforts are being made to mobilise more funds for investments by increasing the number of depositors and their savings. LUTH realises that the increase in its investment will lead to more benefits for Muslims.

1.11 Conclusion

LUTH which started purely as a savings fund for the purpose of receiving deposits from prospective pilgrims has since developed and been accepted more or less as a savings and investment corporation for Muslims at large.

The Board is now a solid financial institution and must be regarded with pride and admiration. As an institution the Board is a unique organization, the only one of its kind in the world. It is an epitome of success for Muslims and also the government.

But its success story is much attributable to the strength of its monopolistic position in Pilgrims Management. From the commercial point of view this monopolistic position assures LUTH an inflow of pilgrims' deposits each year. The decision to diversify its activities has been subjected to severe criticisms. It has been alleged that the decision has affected the quality of customer service delivery to its main customers; i.e the pilgrims going on haj to Mecca. Thus, this is the main theme of this thesis.

APPENDIX 3.1 : INTRODUCTORY LETTER TO EMPLOYEES



UNIVERSITI SAINS MALAYSIA
PUSAT PENGAJIAN PENGURUSAN • SCHOOL OF MANAGEMENT

Pengarah Besar / Timbalan Pengarah Besar
Pengarah / Ketua Unit & Kakitangan
Lembaga Urusan Dan Tabung Haji

Yang Berbahagia Dato' / Tuan / Puan,

Kajian Tanggapan Perkhidmatan Pelanggan Para Pengurus
Dan Pengguna - Satu Kajian Kes Lembaga Urusan dan Tabung
Haji, Malaysia.

Merujuk kepada pekara yang tersebut di atas, saya adalah kakitangan
akademik di Pusat Pengajian Pengurusan, Universiti Sains Malaysia.

2. Buat masa ini saya sedang melanjutkan pelajaran di University of Hull,
United Kingdom. Tajuk thesis saya ialah, "A Study On The Perception
Of Customer Service Between Managers And Customers In A Service
Organization - The Pilgrimage Management And Fund Board (Lembaga Urusan
Dan Tabung Haji).

3. Bagi memastikan ketepatan dan kesahihan maklumat yang dikumpul, saya
telah menyediakan satu naskah soal-selidik. Dengan hormatnya diminta
kerjasama tuan untuk menjawab soalan-soalan yang diketengahkan bagi mem-
bantu saya di dalam hal ini.

4. Sila kembalikan soal-selidik yang telah dilengkapi kepada saya di
alamat seperti berikut sebelum 5hb. Julai, 1994.

Ishak Bin Ismail
d/a Hajah Fauziah Binti Haji Mahmood
Penolong Pengarah
Perhubungan dan Penerangan
Lembaga Urusan dan Tabung Haji

5. Kerjasama Yang Berbahagia Dato/ Tuan / Puan saya dahului dengan
ucapan ribuan terima kasih.

Wassallam.

ISHAK BIN ISMAIL

Tarikh : 21hb. Jun 1994

LEADING & INNOVATING TOWARDS A PROGRESSIVE FUTURE
PULAU PINANG • 11800 • MALAYSIA
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APPENDIX 3.2 : EMPLOYEE'S QUESTIONNAIRE

SECTION A : EMPLOYEE'S PROFILE

Please tick the appropriate answer.

A.1 SEX

1	<input type="checkbox"/>	Male
2	<input type="checkbox"/>	Female

A.2 AGE : _____

A.3 MARITAL STATUS :

1	<input type="checkbox"/>	Married
2	<input type="checkbox"/>	Single

A.4 EDUCATIONAL LEVEL :

Please tick the phase which you have successfully completed.

1	<input type="checkbox"/>	Primary
2	<input type="checkbox"/>	Secondary
3	<input type="checkbox"/>	Diploma
4	<input type="checkbox"/>	Undergraduate
5	<input type="checkbox"/>	Post-Graduate

A.5 Number of years working in Luth :

A.6 Would you regard your position as :

1	<input type="checkbox"/>	Senior Manager
2	<input type="checkbox"/>	Middle Manager
3	<input type="checkbox"/>	Officer
4	<input type="checkbox"/>	General Staff
5	<input type="checkbox"/>	Other (please specify)

A.7 Department :

1	<input type="checkbox"/>	Investment Department
2	<input type="checkbox"/>	Hajj Department
3	<input type="checkbox"/>	Administrative Department
4	<input type="checkbox"/>	Finance Department
5	<input type="checkbox"/>	Other. Please specify _____

A.8 Office Location :

1	<input type="checkbox"/>	Headquarters
2	<input type="checkbox"/>	State level
3	<input type="checkbox"/>	District Level

A.9 Salary Level (Monthly)

1	<input type="checkbox"/>	Below \$1000.00
2	<input type="checkbox"/>	\$1000.00 - \$ 1499.00
3	<input type="checkbox"/>	\$1500.00 - \$ 1999.00
4	<input type="checkbox"/>	\$2000.00 - \$ 2499.00
5	<input type="checkbox"/>	\$2500.00 - \$ 2999.00
6	<input type="checkbox"/>	\$3000.00 - \$ 3499.00
7	<input type="checkbox"/>	\$3500.00 and above

SECTION B : DEFINITION OF CUSTOMER SERVICE

B.1 What do you understand by the concept "customer service"?

B2. In your organization is the term customer service distinct from other sales efforts (e.g advertising, personal selling and promotions).

Please tick the appropriate answer.

1

Yes

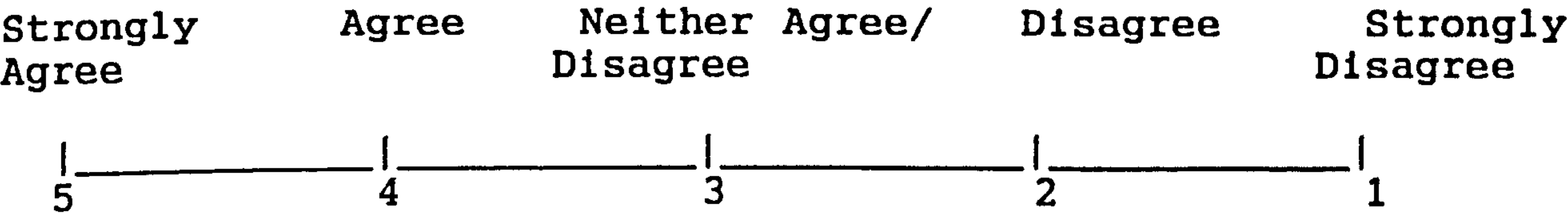
2

No

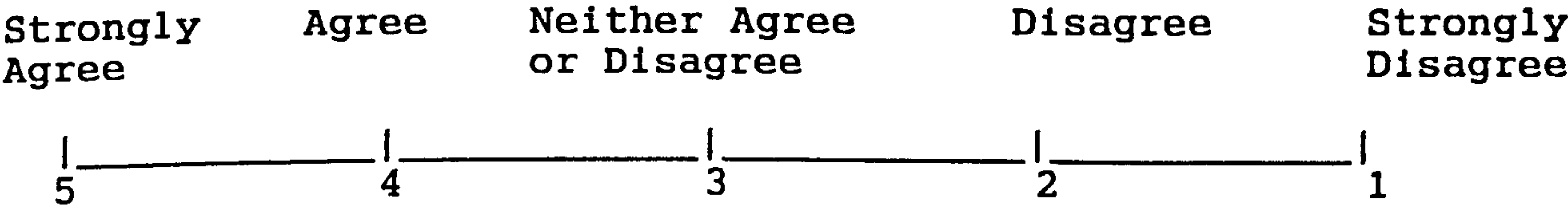
B3. Listed below is a series of statements. Please circle the appropriate number to indicate your own view of the following items.

- 5 = Strongly Agree
- 4 = Agree
- 3 = Neither Agree Nor Disagree
- 2 = Disagree
- 1 = Strongly Disagree

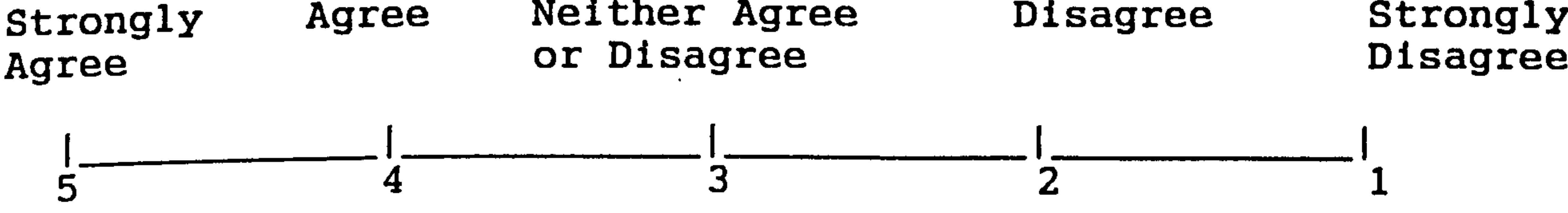
1. Competitive pressure is the most important factor in setting the level of customer service.



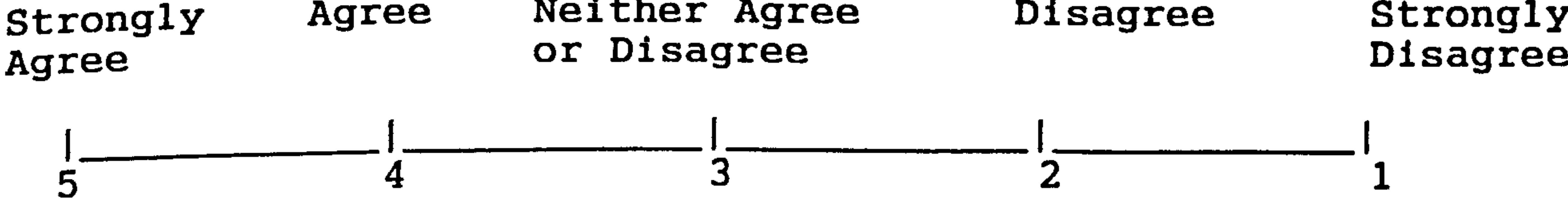
2. The function of customer service is to report to top management.



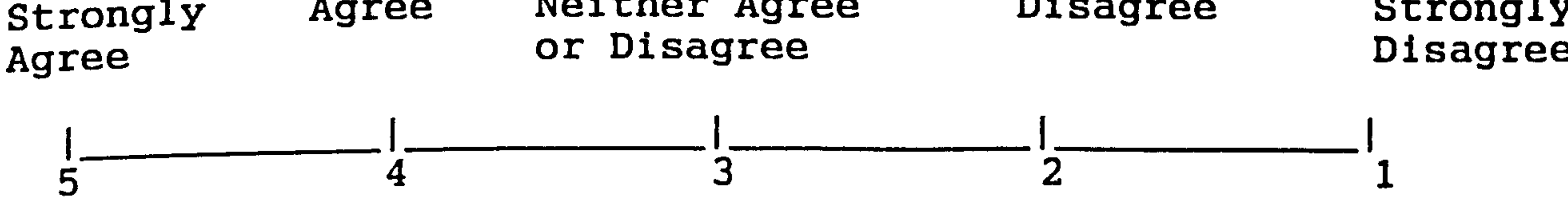
3. Customer service should be a company philosophy rather than a set of specific activities.



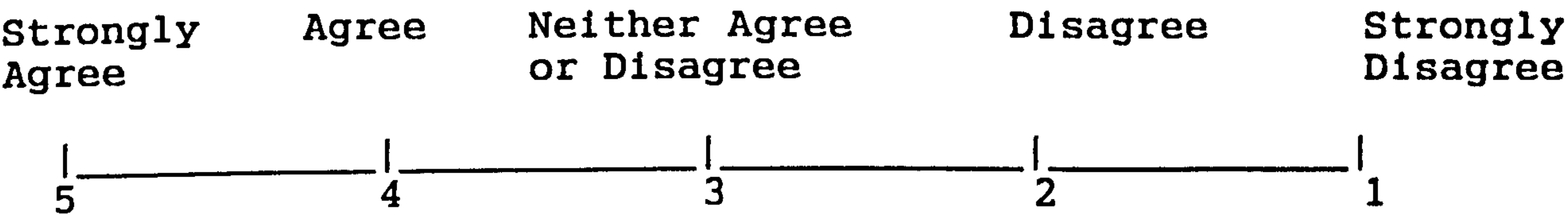
4. Most firms really do not understand what their customers want in customer service.



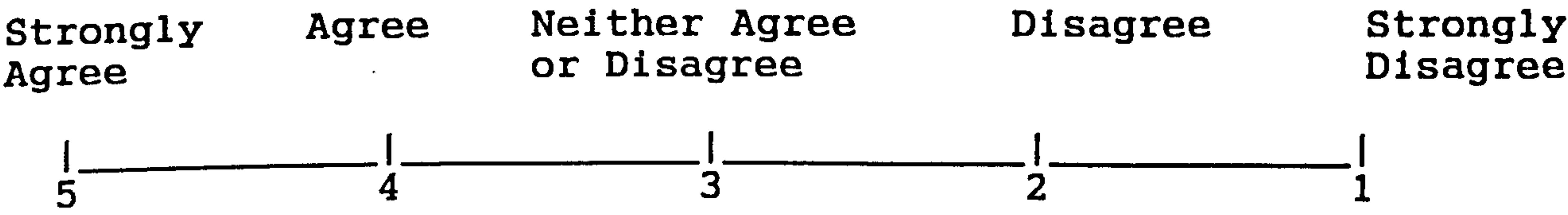
5. Customer service levels in most firms are set at a higher level than that necessary to provide customer satisfaction.



6. Customer service has an impact on the performance of a firm.



7. Customer service has an important impact on employees' motivation.



SECTION C : ORGANIZATIONAL CLIMATE

Please assess the following statements as to whether they apply wholly or partially to Luth by circling the appropriate number.

1= Never, 2= Rarely, 3= Sometimes, 4= Usually, 5=Always.

C1. Customer Orientation

1. Taking care of our customer is a top priority in our organization.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

2. We "listen" carefully to our customers' needs through our informal feedback systems.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

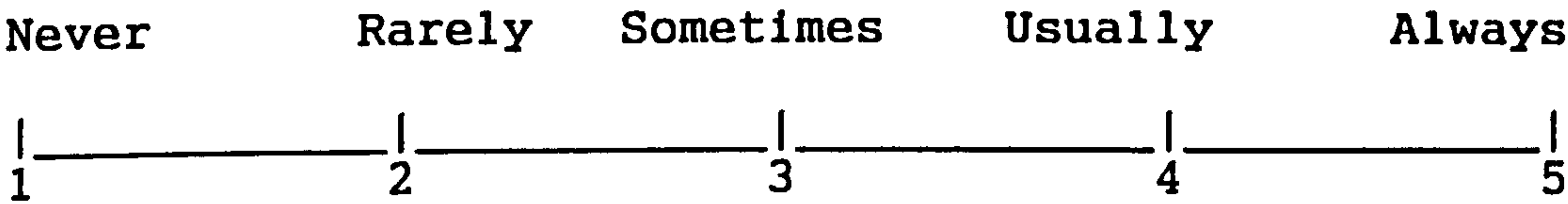
3. We have a formal process to determine our customers' wants, needs and expectations.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

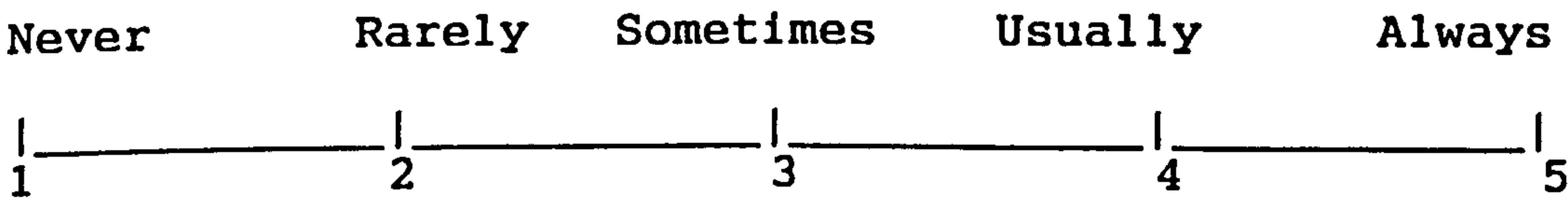
4. When we lose a customer we know why.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

5. Our day-to-day activities are in harmony with our values and goals about customer satisfaction.

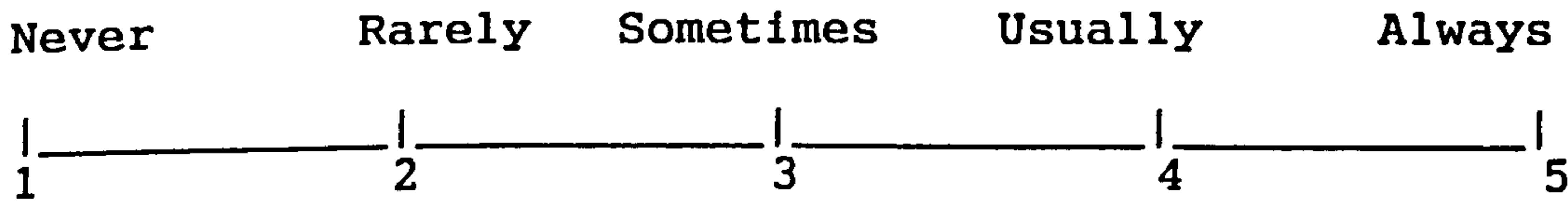


6. My managers' attitudes have convinced me that customer care is important.

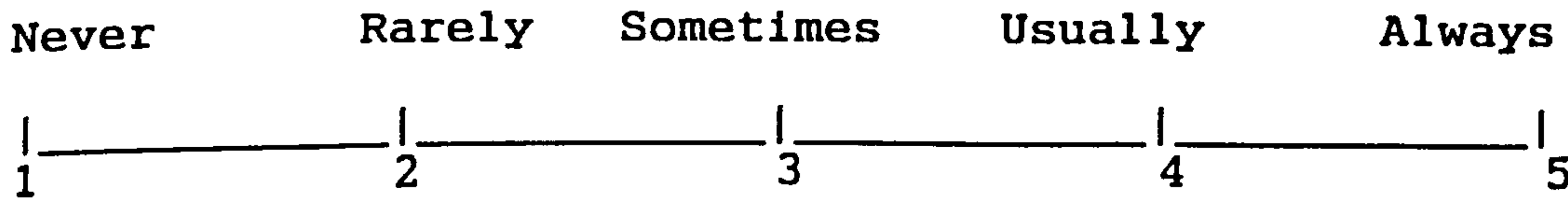


C2. Management Climate

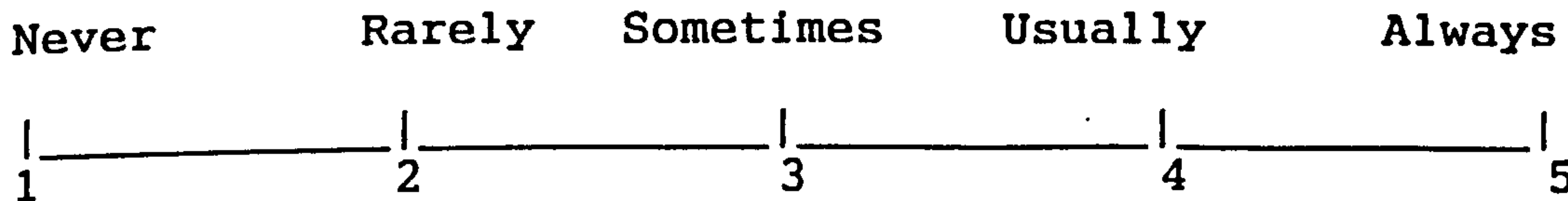
1. The predominant attitude here is risk-taking.



2. Managers give workers the responsibility and authority to take care of customers.



3. We see ourselves as customers and suppliers in our work relationships within the organisation.



4. People think "competition" means other companies, not the person down the hall.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

C3. Cooperation/Integration

1. People at all levels can participate in decision making.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

2. Supervisors and managers in different departments work well together.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

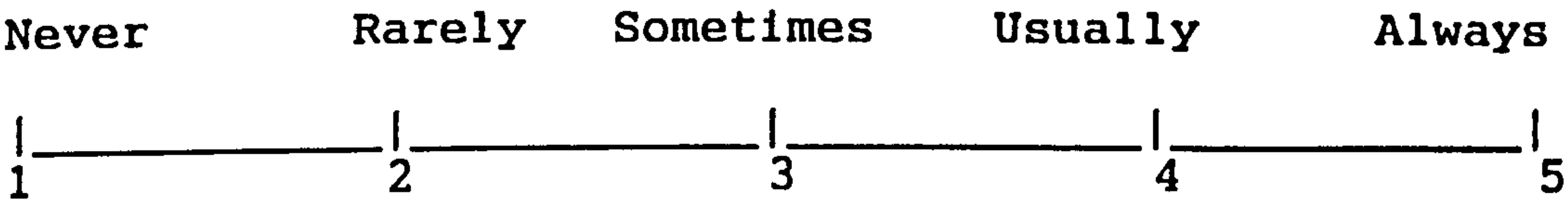
3. Our system makes clear who is responsible for certain tasks.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

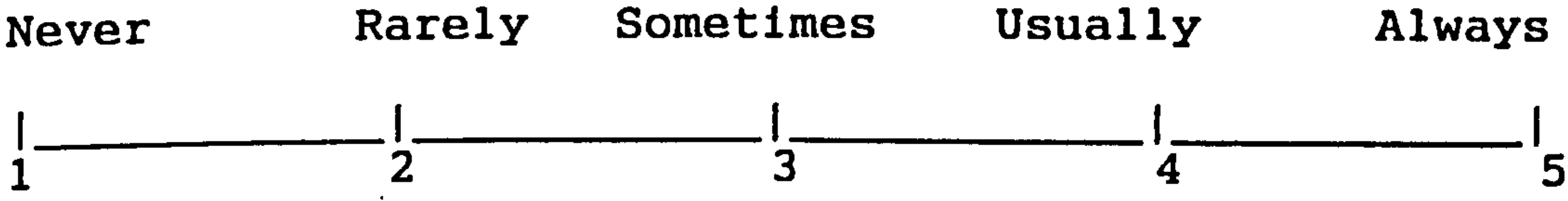
4. The organizational's goal are set at the top, based on our mission, and are clear and achievable.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

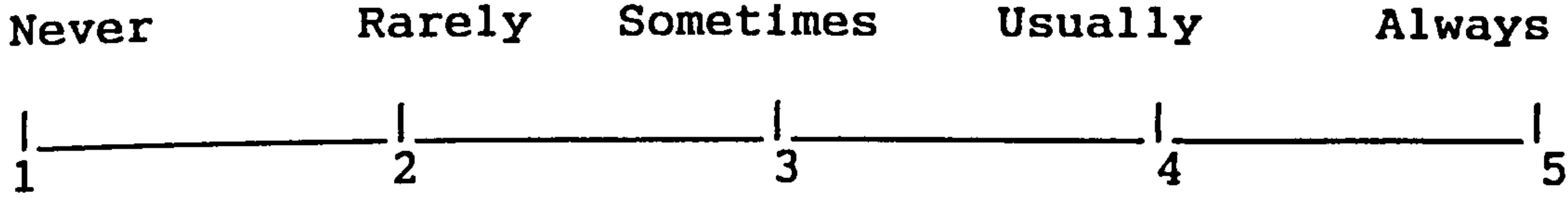
5. Results and goal achievement are rewarded both formally and informally.



6. We have clear measures and tracking systems to tell how well we are meeting our customers' requirements in every department.

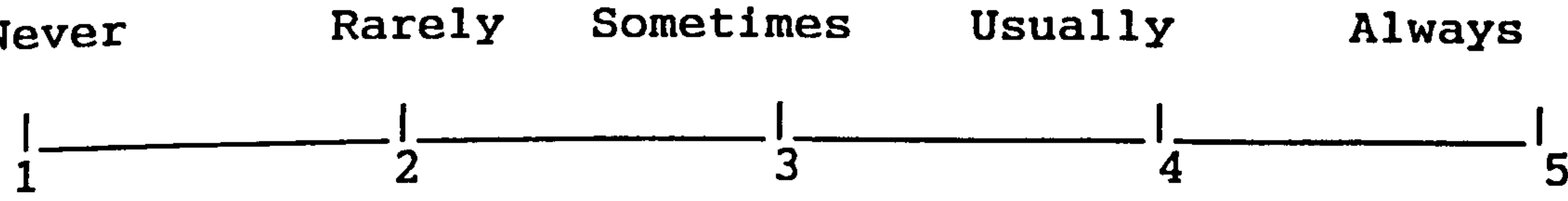


7. In some departments we have clear measures and tracking systems to tell how well we are meeting our customers requirements.

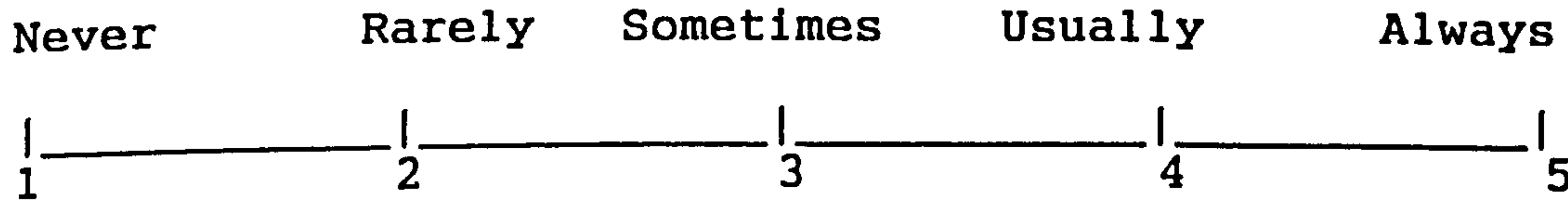


C4. Attitudes and Skills

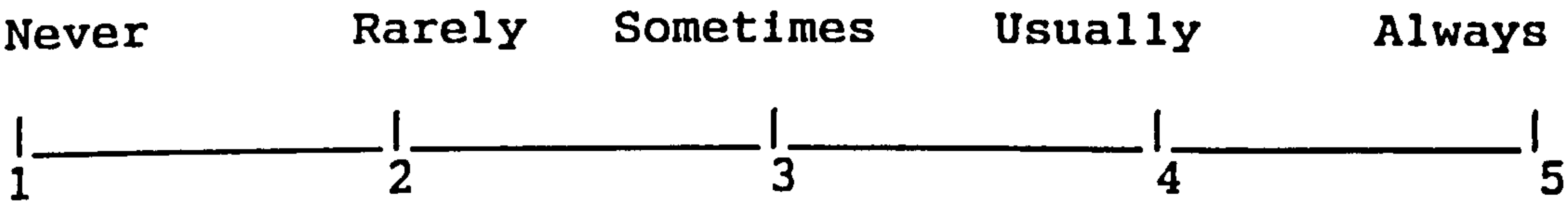
1. What happens in the organization really matters to all people, executives and workers alike.



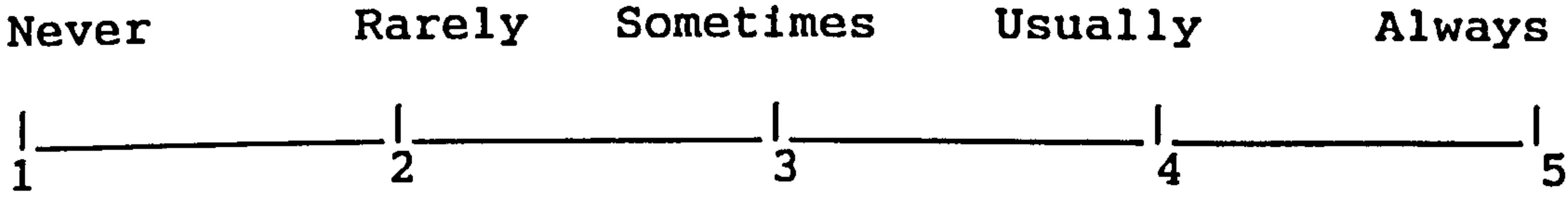
2. People feel responsible and needed to do what needs to be done to take care of our customers.



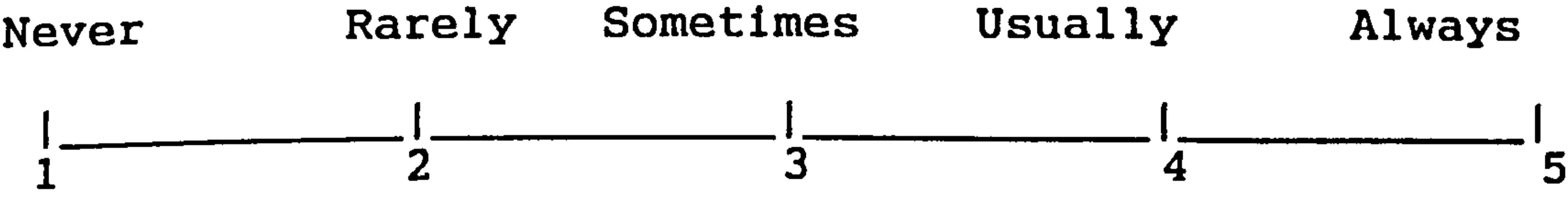
3. Our customer service representatives know how to identify/solve customer service-related problems.



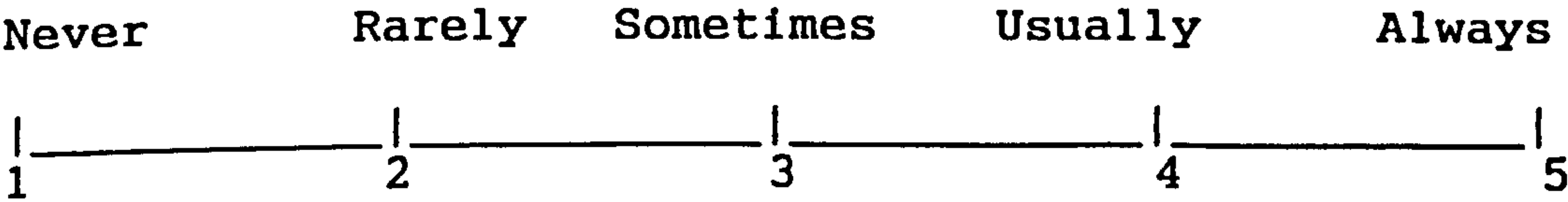
4. Problem-solving skills are used in every department.



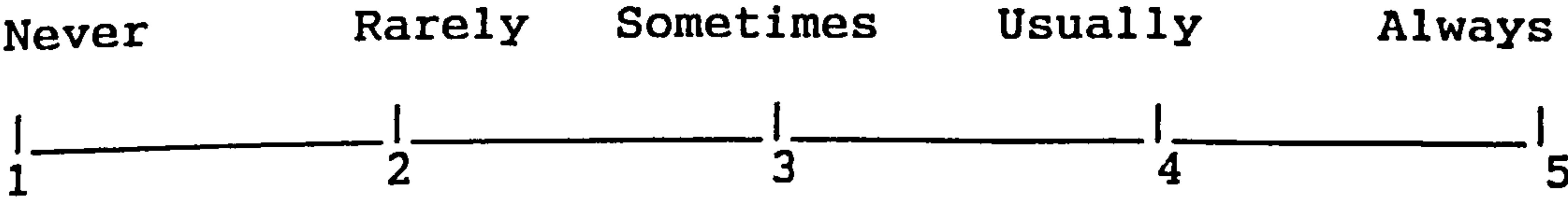
5. Problem-solving skills are used in some departments.



6. Our managers and supervisors have the skills to lead others.



7. Some managers and supervisors have the skills to influence.



SECTION D : ORGANIZATIONAL OFFER

Please assess the following statements as to whether they apply wholly or partially to Luth by circling the appropriate number.

1= Never, 2= Rarely, 3= Sometimes, 4= Usually, 5=Always.

1. Customers can afford to pay for our service.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

2. Our payment scheme is not burdensome.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

3. Price offered is competitive.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

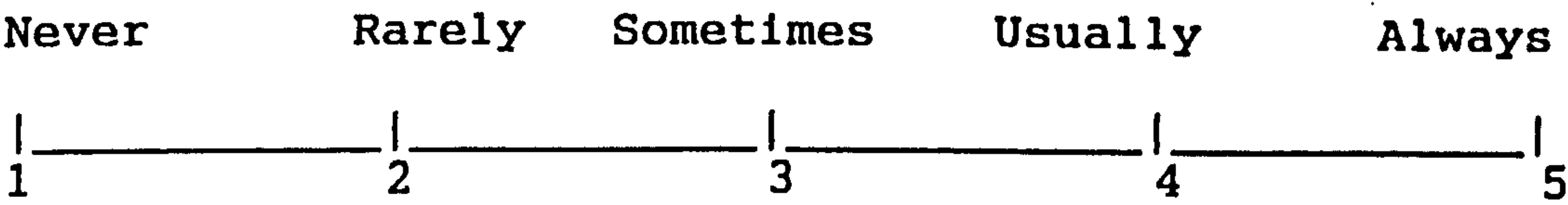
4. Our service is available whenever a customer wishes to purchase it.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

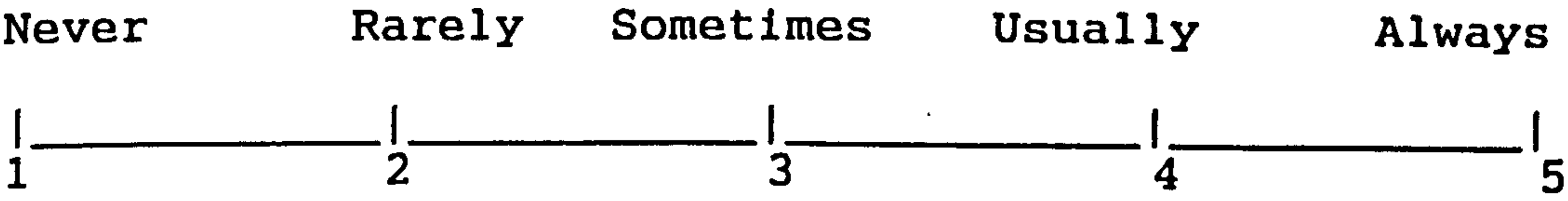
5. Long customer waiting time is not our practice.

Never	Rarely	Sometimes	Usually	Always
1	2	3	4	5

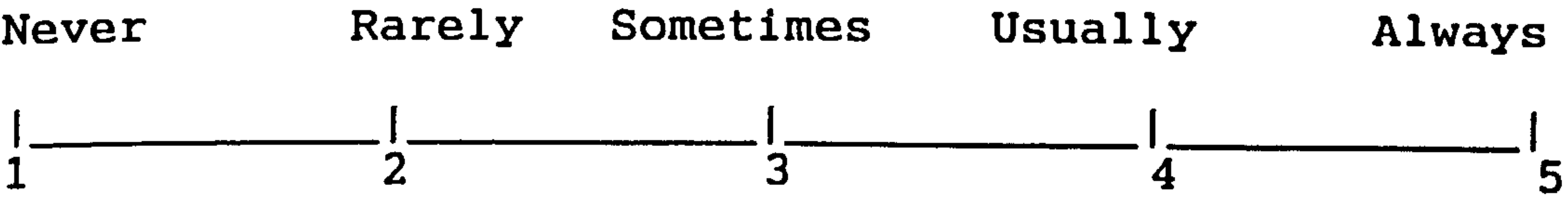
6. All services needed by our customer are available at all our branches.



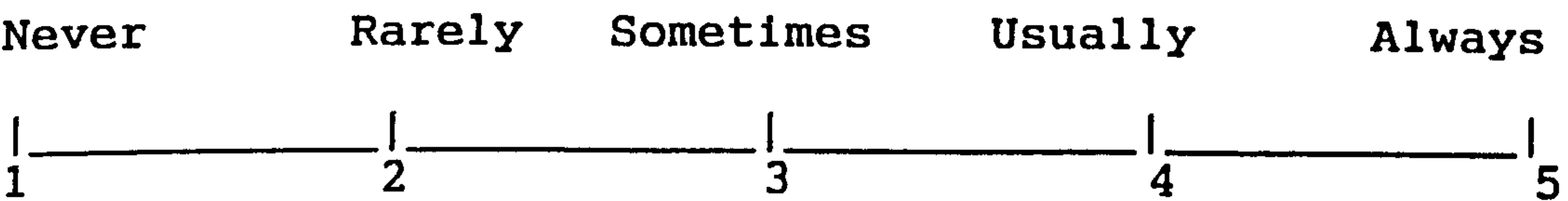
7. Our services are effective and efficient.



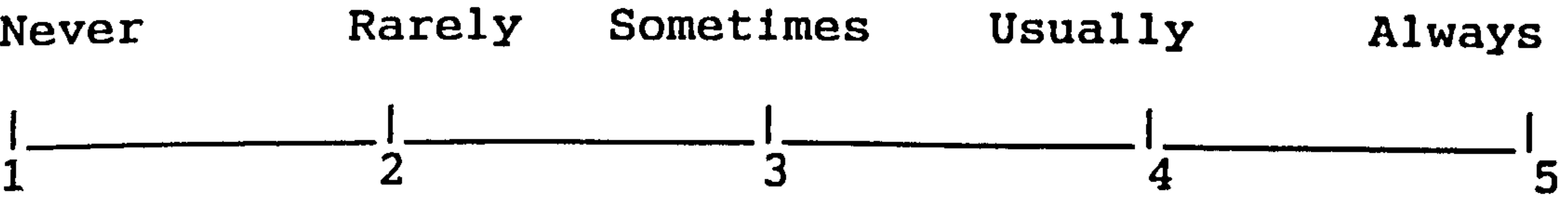
8. Services offered by us give value for money.



9. Unsatisfactory services are corrected with immediate effect.



10. It is our priority to attend to customer complaints.



SECTION E : MEASUREMENT OF PERCEPTION

Part 1 :

This portion of the survey deals with how you think the customers view the importance of the following variables in relation to their perception of customer service at Luth. Indicate your agreement or disagreement with these statements by circling the appropriate number.

- 5 = Strongly agree.
- 4 = Agree.
- 3 = Neither agree nor disagree
- 2 = Disagree.
- 1 = Strongly disagree.

1. Employees of excellent companies are able to answer customers' queries without hesitation.

Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
 5	 4	 3	 2	 1

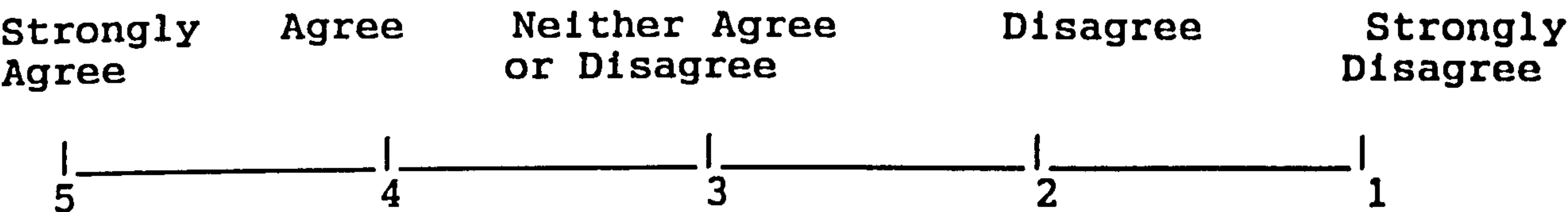
2. At excellent service companies, employees at all levels are able to attend to customer complaints without having to refer to a higher authority.

Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
 5	 4	 3	 2	 1

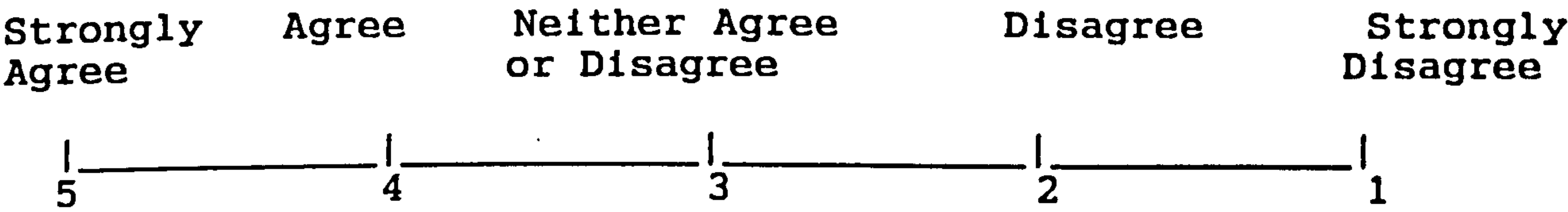
3. Business transaction in excellent service companies is not time consuming.

Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
 5	 4	 3	 2	 1

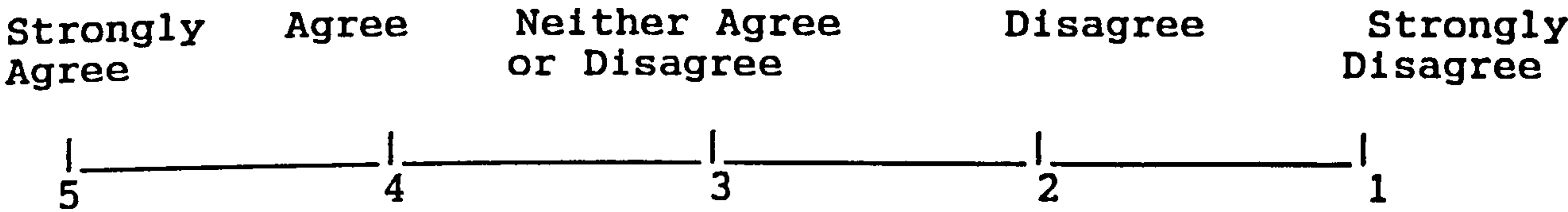
4. Information flow in excellent service companies is efficient.



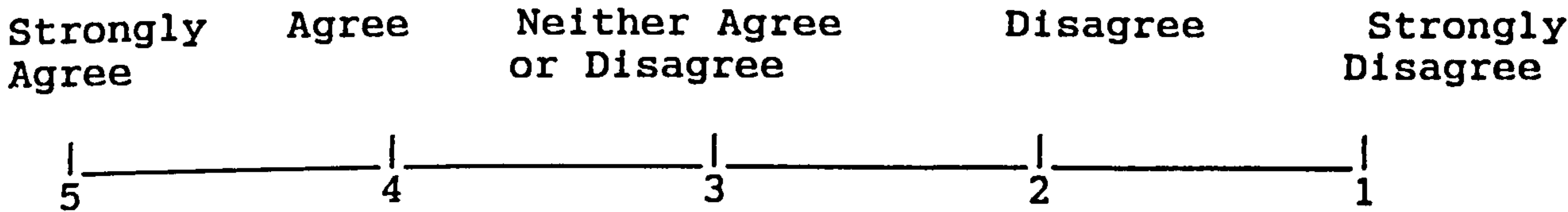
5. Excellent service companies have modern-looking equipment.



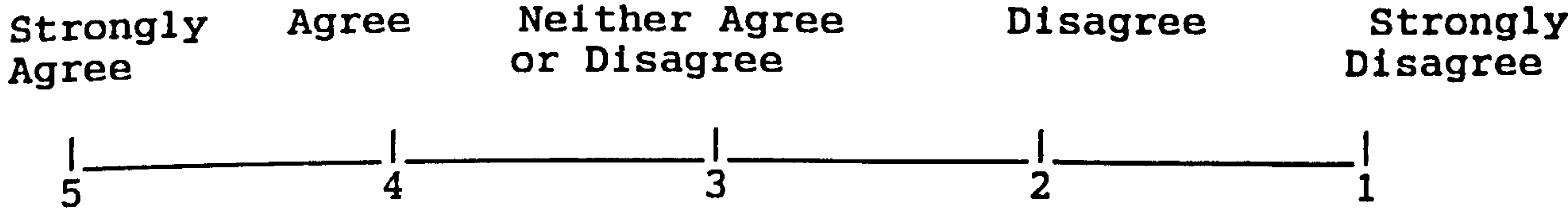
6. The physical facilities at excellent service companies are visually appealing.



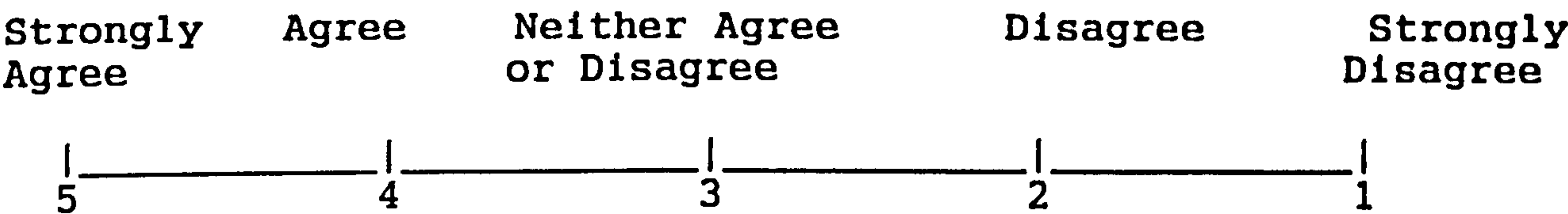
7. Employees at excellent service companies appear neat and tidy.



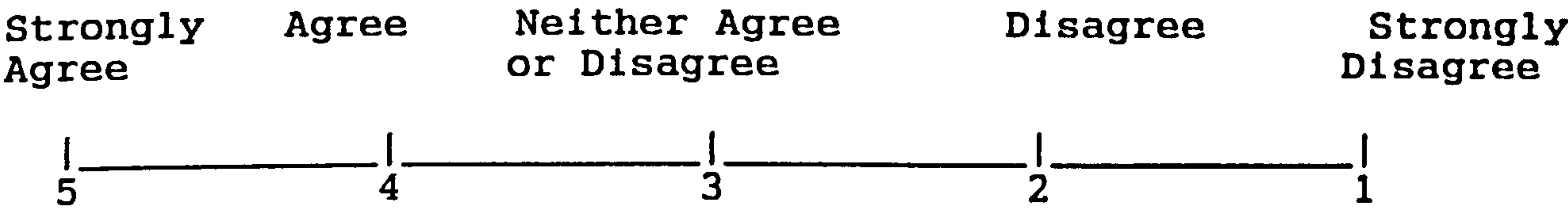
8. Excellent service companies produce materials associated with service (such as pamphlets or statements) which are visually appealing.



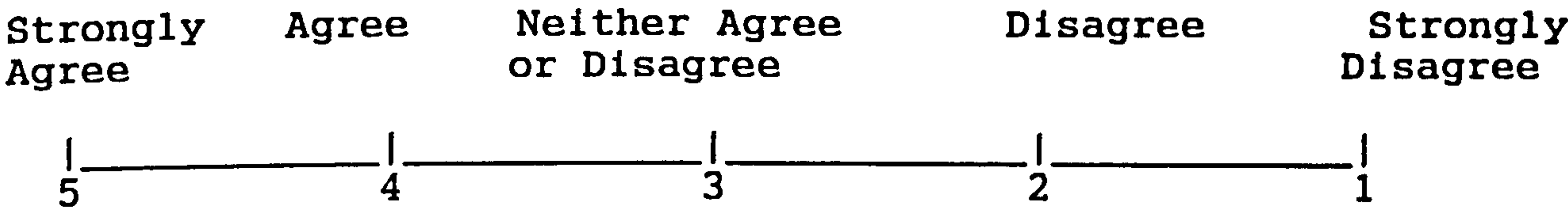
9. When excellent service companies promise to do something by a certain time, they will do so.



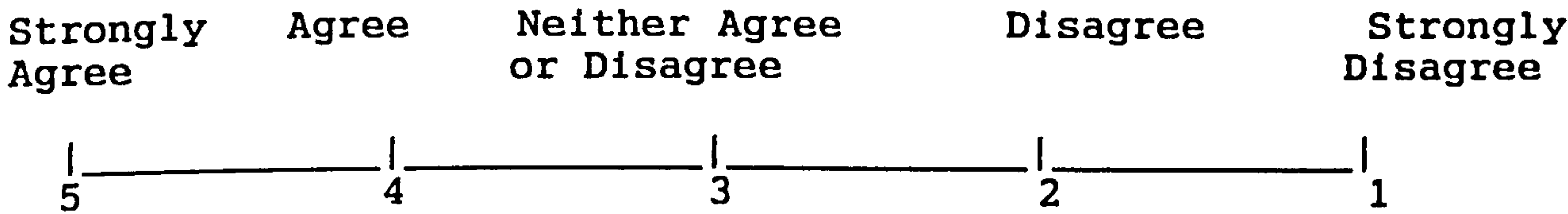
10. When a customer comes with a problem, the employee of an excellent service company will show interest in solving it.



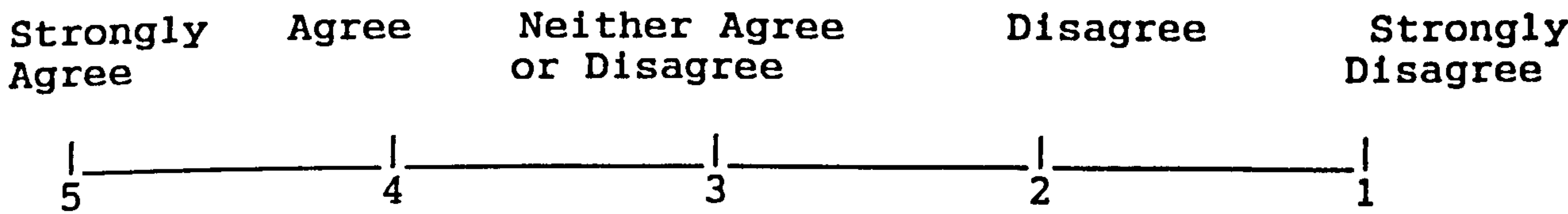
11. Excellent service companies perform the service right the first time.



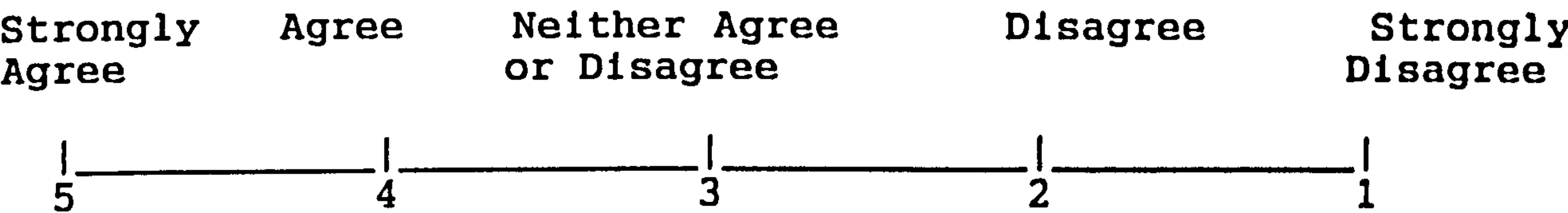
12. Excellent service companies insist on error-free records.



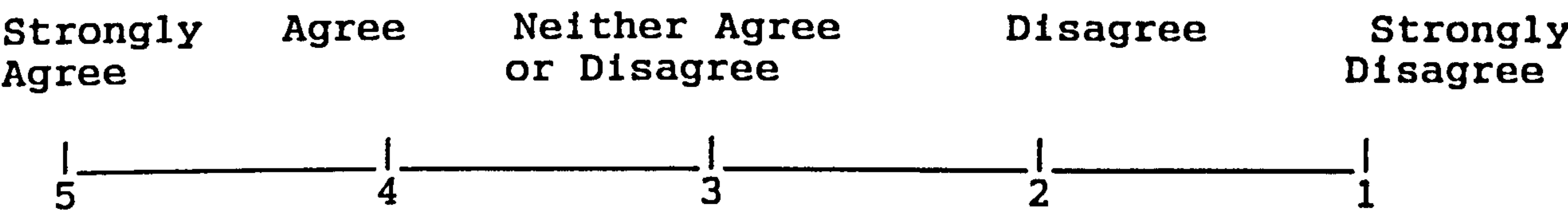
13. Employees in excellent service companies tell exactly when services will be performed.



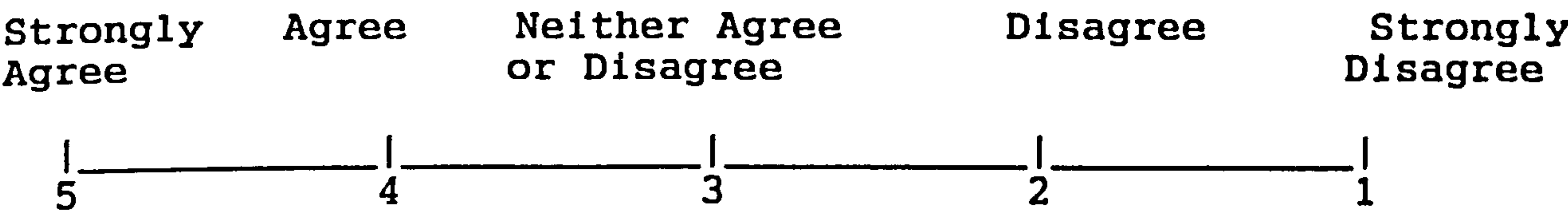
14. Employees in excellent service companies give prompt service.



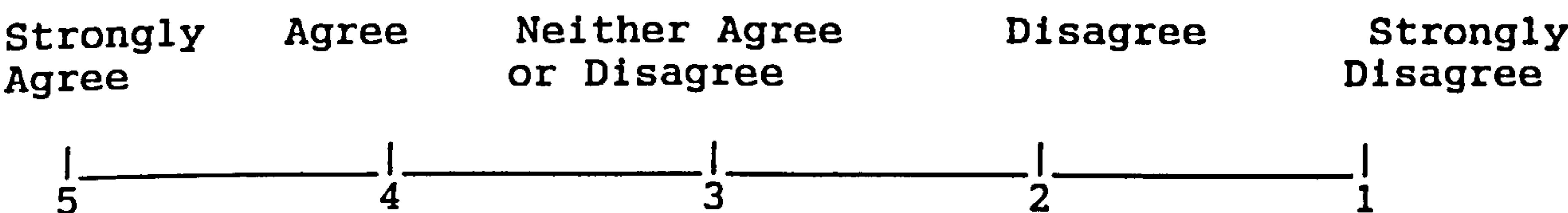
15. Employees in excellent service companies are always willing to help customers.



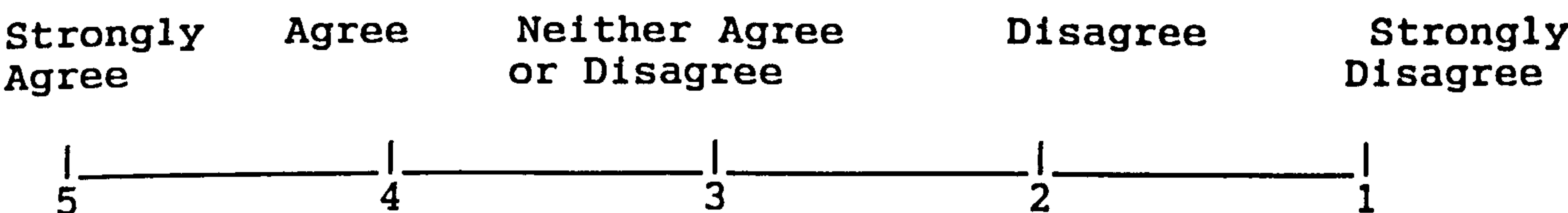
16. Employees in excellent service companies are never too busy to respond to customers' request.



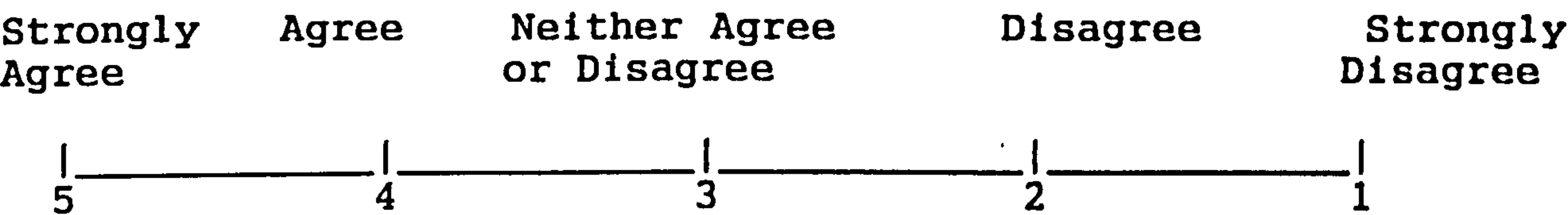
17. The behaviour of employees in excellent service companies instills confidence in customers.



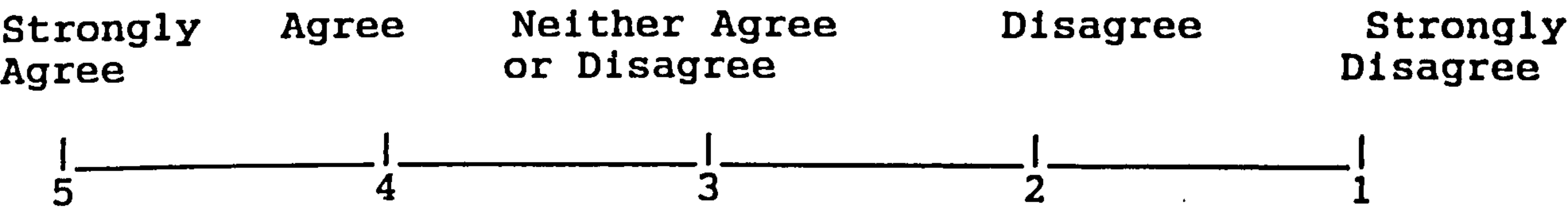
18. Customers of excellent service companies feel safe in their transaction.



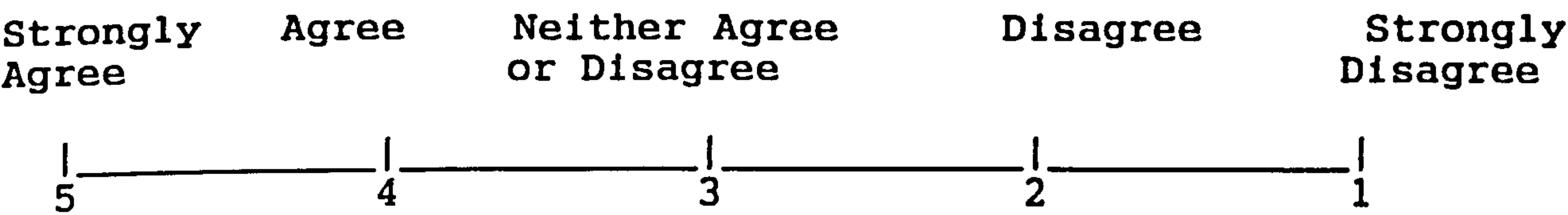
19. Employees in excellent service companies are consistently courteous with customers.



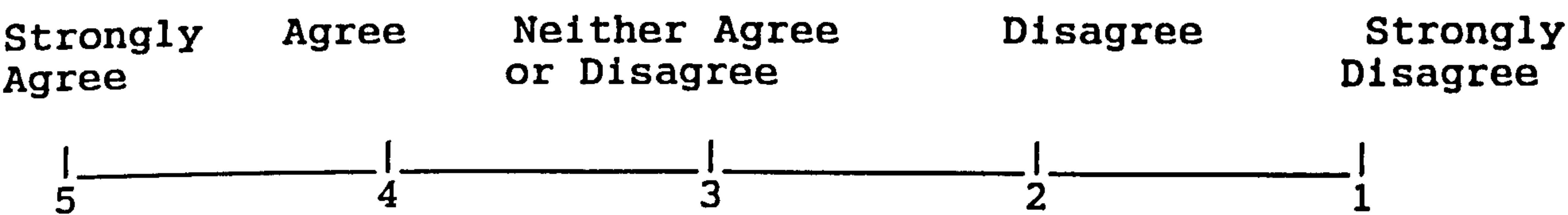
20. Employees in excellent service companies have the knowledge to answer customers' questions.



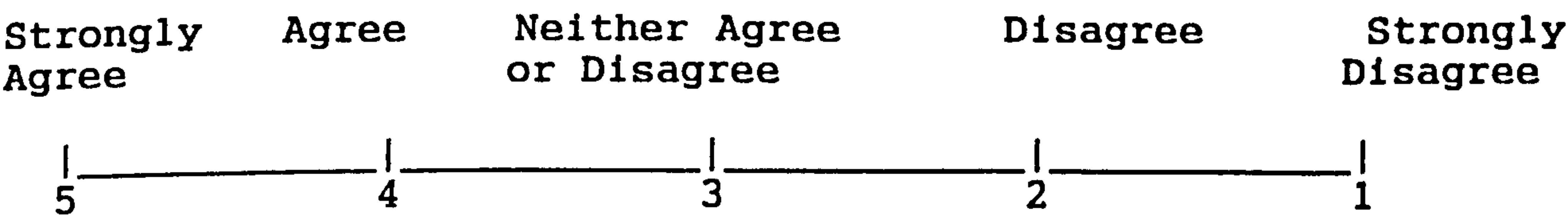
21. Excellent service companies give customers individual attention.



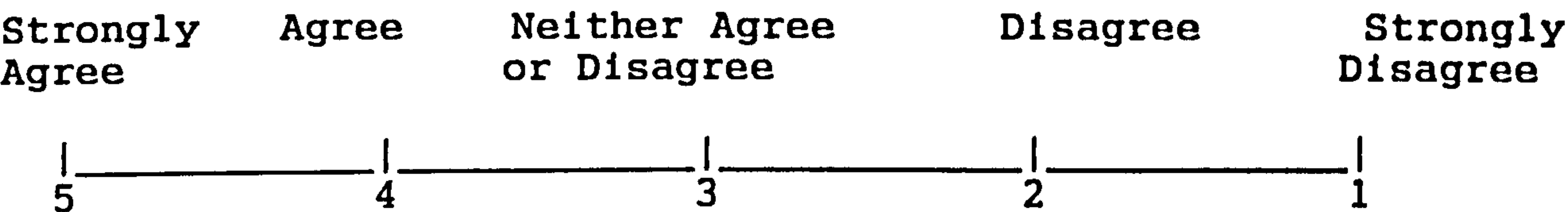
22. Excellent service companies have operating hours which are convenient to their customers.



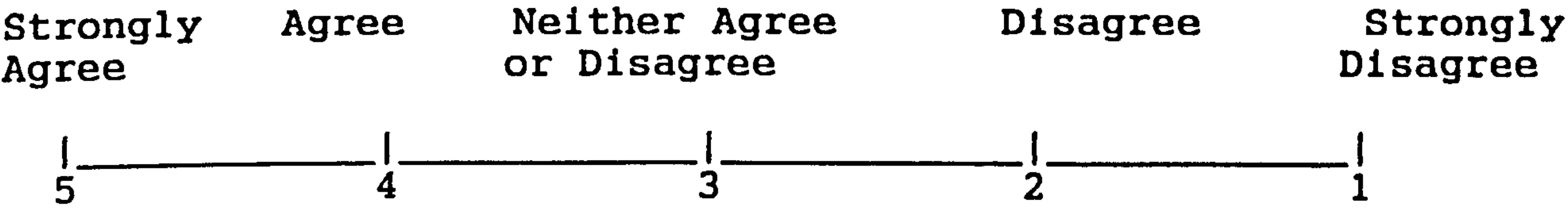
23. Excellent service companies have employees who give customer personal attention.



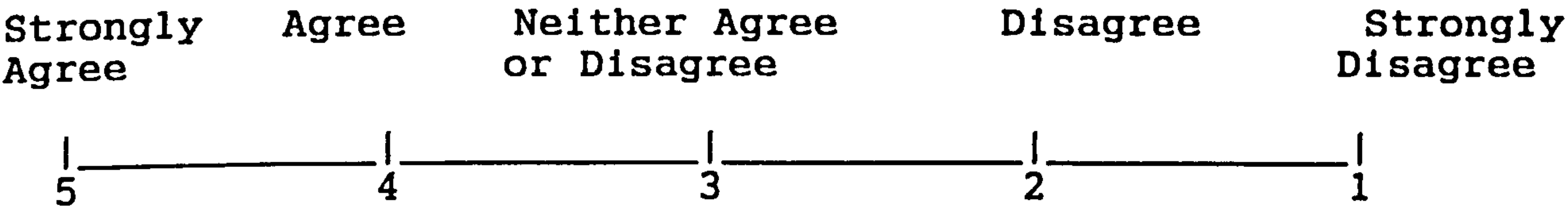
24. Excellent service companies have the customer's best interest at heart.



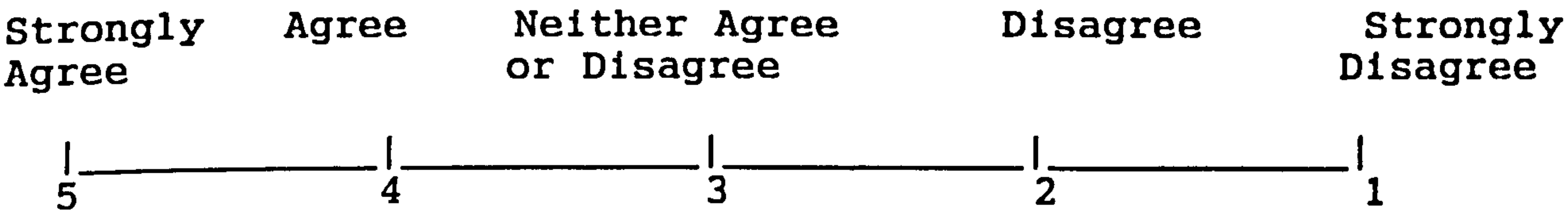
25. The employees of excellent service companies understand the specific needs of their customers.



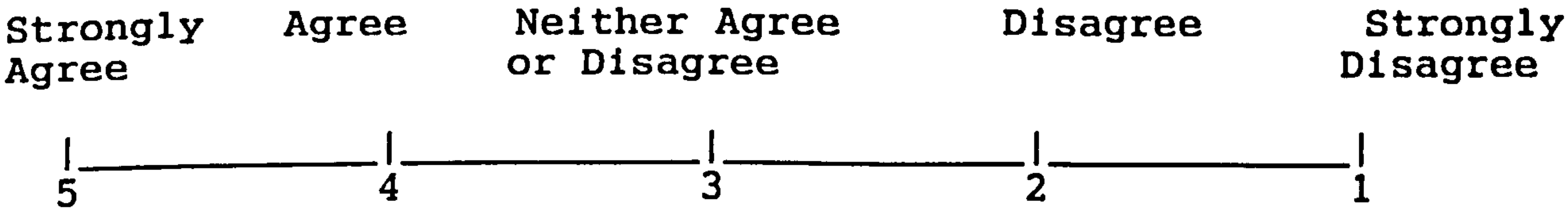
26. Product message of service excellent service companies is easy to comprehend.



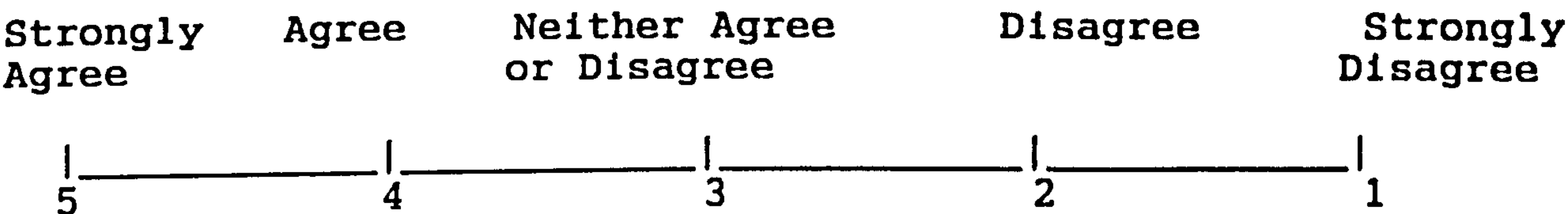
27. Excellent service companies make known to prospects their product offer.



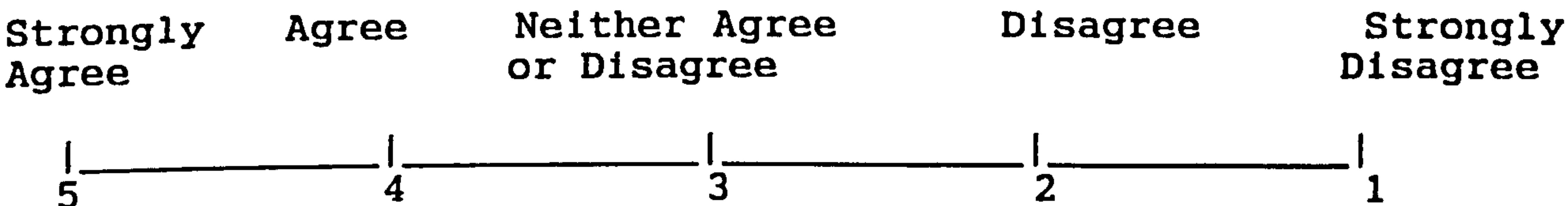
28. Commercials and advertisements of excellent service firms aid in buying decisions.



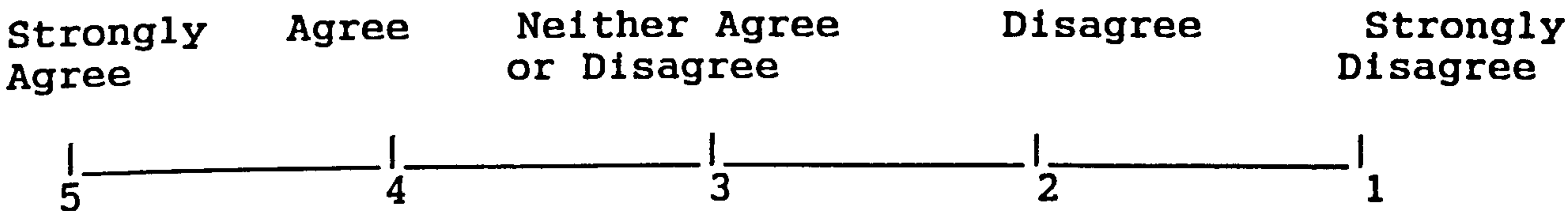
29. Employees of excellent service companies help put implied messages into perspective.



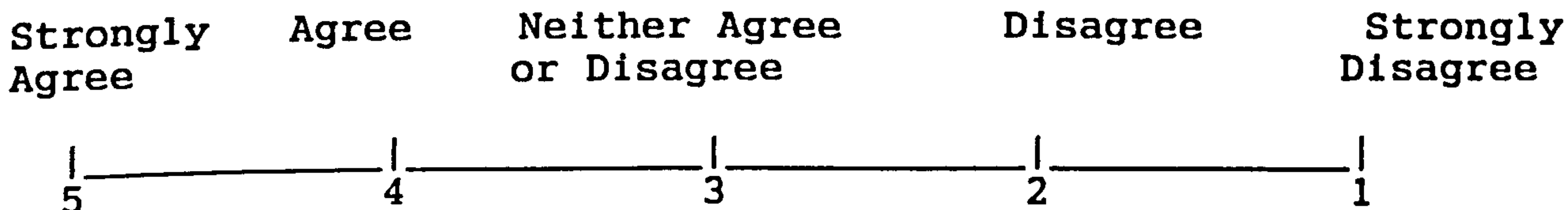
30. Excellent service companies provide avenues for enquiries.



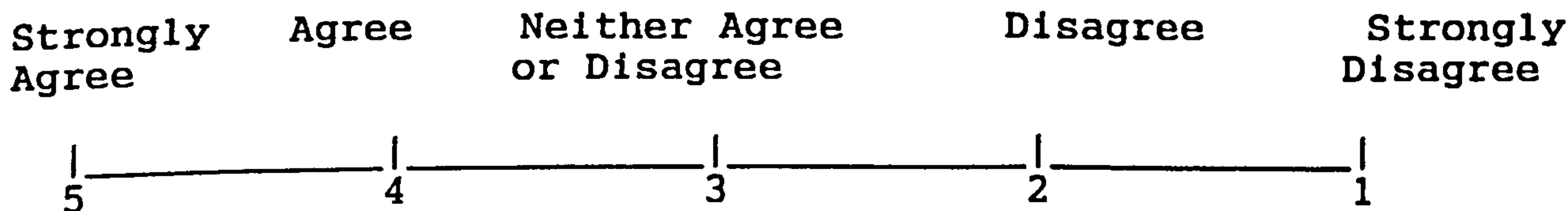
31. Excellent service companies provide good value for the service offered.



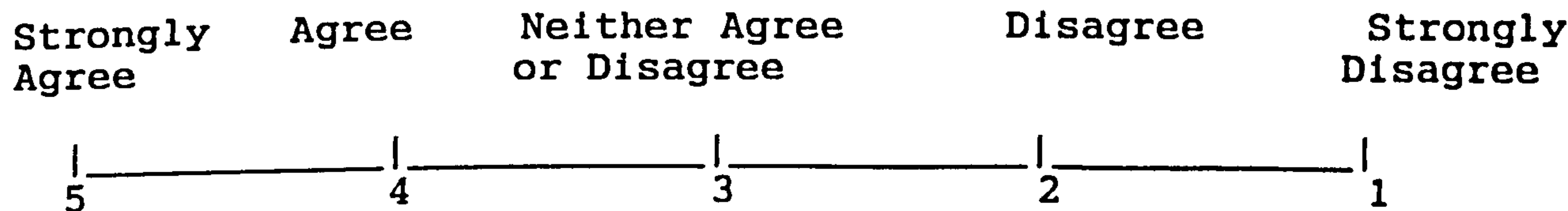
32. Excellent service companies' price is competitive to the value offered.



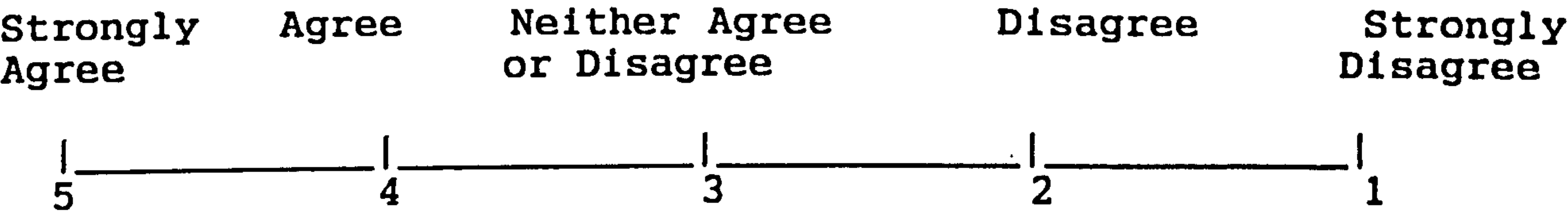
33. Employees of excellent service companies provide details of contract to prospective customers.



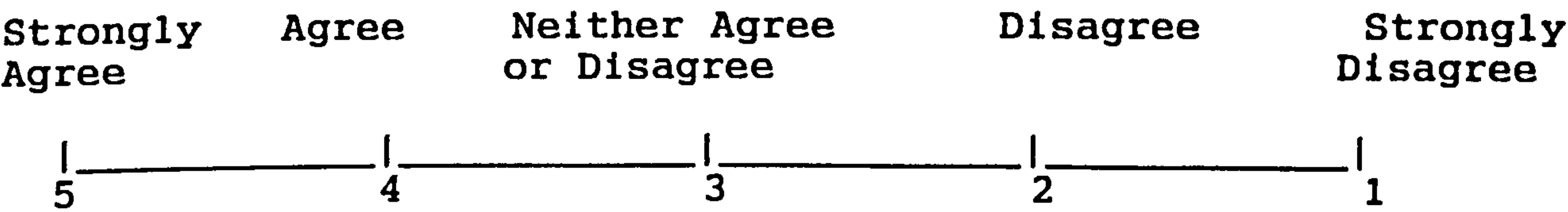
34. Excellent service companies provide consistent service.



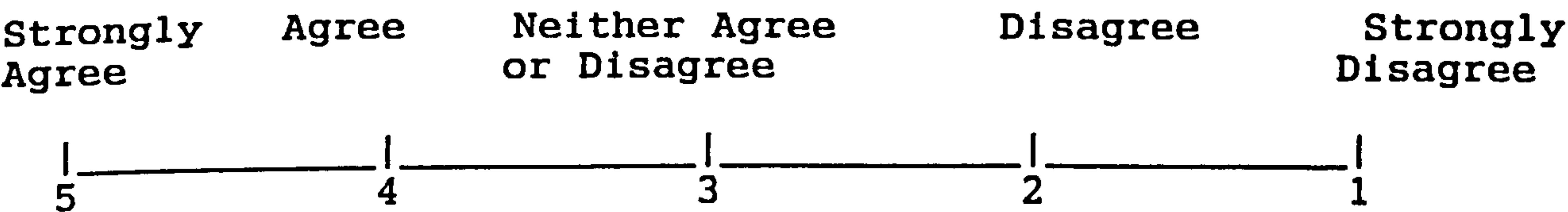
35. Services of excellent service companies minimise delays.



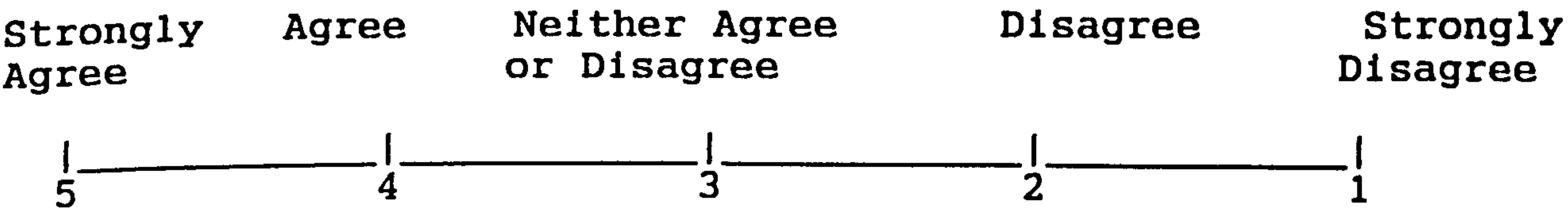
36. There are minimum rescheduling of services in excellent service companies.



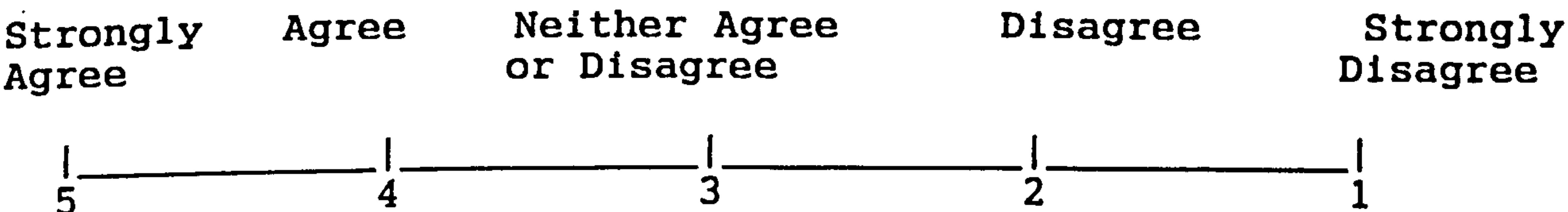
37. In an excellent service company there is minimum physical losses.



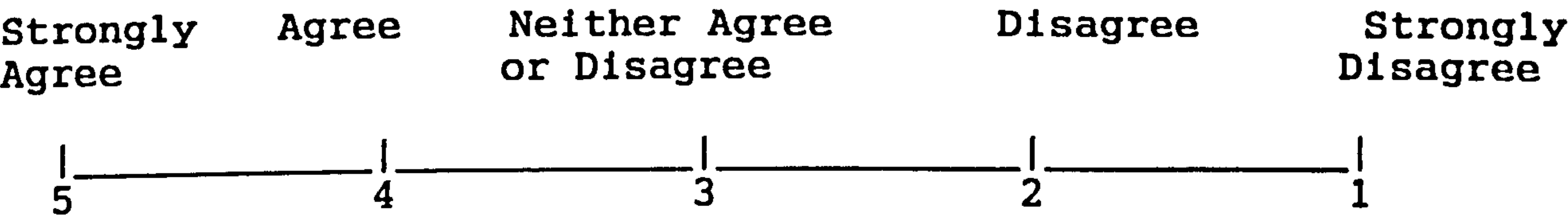
38. There is an effective claim handling in excellent service companies.



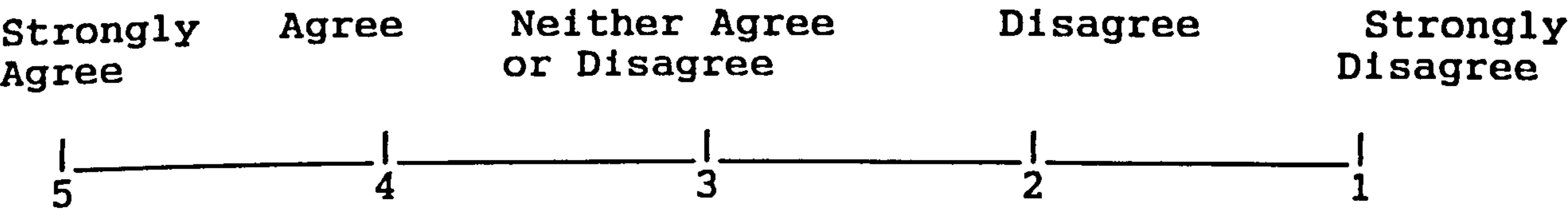
39. Customer complaints are kept to the minimum in excellent service firms.



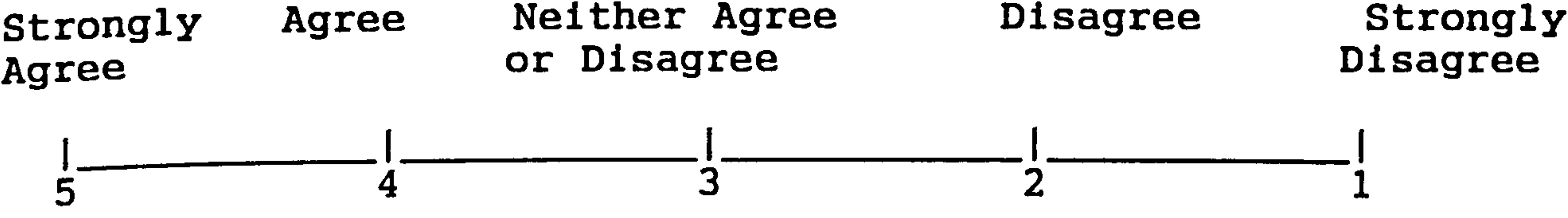
40. There is immediate action by employees of excellent service firms to customer complaints.



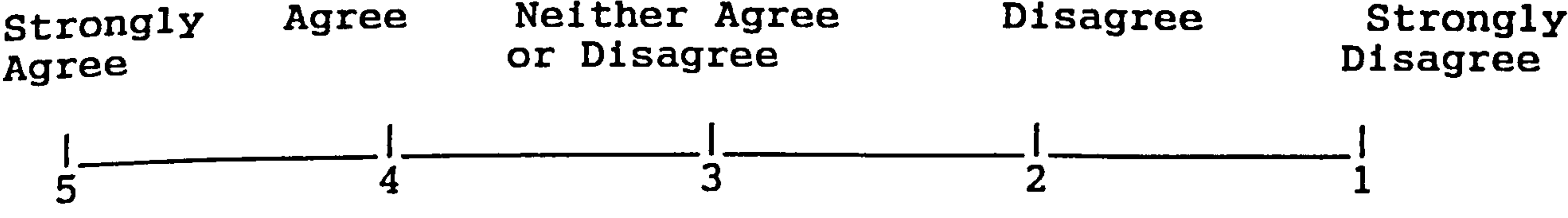
41. Excellent service firms provide compensation for physical losses without delay.



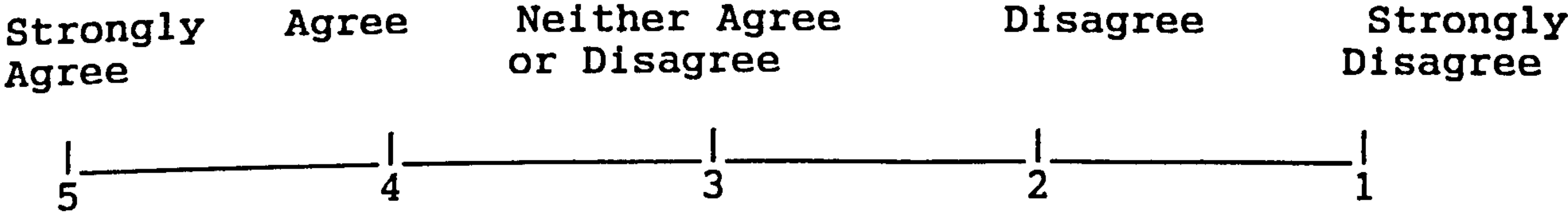
42. Losses accounted for by customers will always be compensated by good service companies.



43. Upon completion of the transaction, an excellent service firm keeps in touch with its customers.



44. Excellent service companies ask for customer feedback upon completion of service.



Part II :

Listed below are variables pertaining to customer service delivery. I would like to know how important each of these variables is to your customer when they evaluate Luth's quality of service. Distribute a total of 100 points among these variables. The more important a feature is likely to be to your customers, the more points you should allocate to it. Please ensure that the points you allocate adds up to a total of 100 points.

- 1. Awareness of the customer service policy by employees. points.
- 2. * Organizational factors. points.
- 3. Promotion and advertisement. points.
- 4. Understanding of the customer by the company staff. points.
- 5. Interpersonal skills of employees. points.
- 6. Tangibles and physical surroundings points.
- 7. Effectiveness of communication with the customer. points.
- 8. Value for money experienced by the customer. points.
- 9. Effectiveness of logistics. points.
- 10. Effectiveness of after sales service. points.

Total _____/100

* Organizational Factors include :

a. Credibility involves trustworthiness, believability, honesty. It involves having the customer's best interests at heart.

Contributing to credibility are :
company name, company reputation and personal characteristics of contact person.

b. Access involves approachability and ease of contact.

c. Security is freedom from danger, risk or doubts.

SECTION F : EVALUATION OF SERVICE DELIVERED

What is your perception as an employee with regards to the quality of customer service delivered at Luth. Please circle your response to these variables based on the following based on the following grades :

1 = low , 2 = average, 3 = high

1. Awareness of customer service policy by employees.

2. * Organizational Factors :

(a) Credibility - company name, company reputation
and personal characteristics of contact person

Low Average High

1 2 3

(b) Security - involves freedom from danger, risk or doubts

(c) Access-involves approachability and ease of contact

Low Average High

1 2 3

3. The effectiveness of promotion and advertisements.

Average

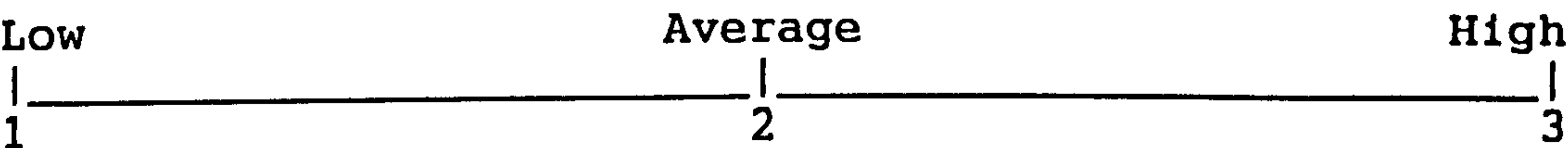
Low Average High

|-----|-----|

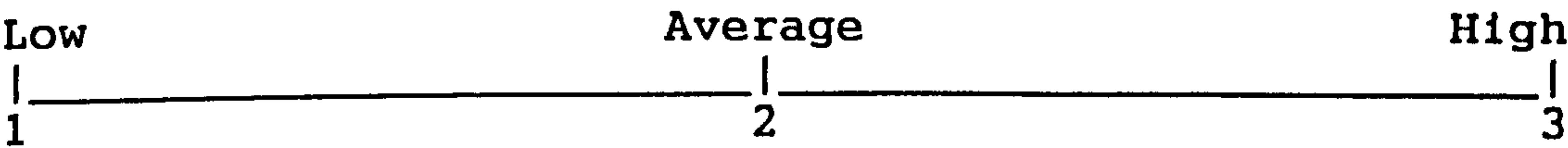
1 2 3

4. Understanding of the customer by company staff.

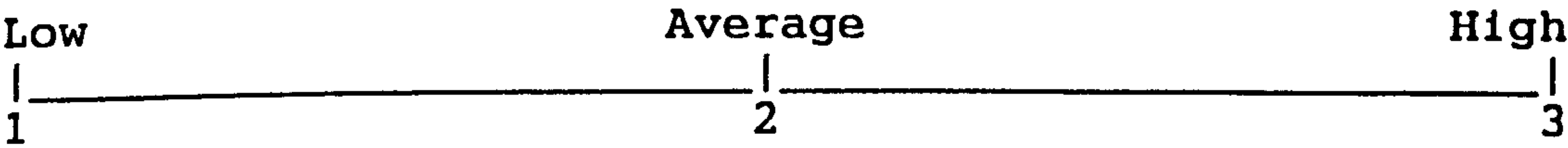
5. Effectiveness of employees' interpersonal skills.



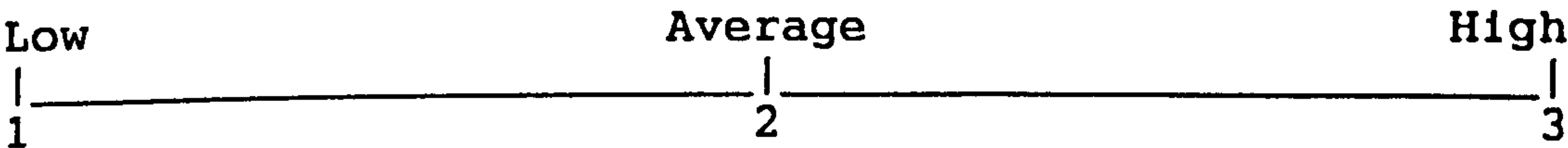
6. Quality of tangibles and physical surroundings.



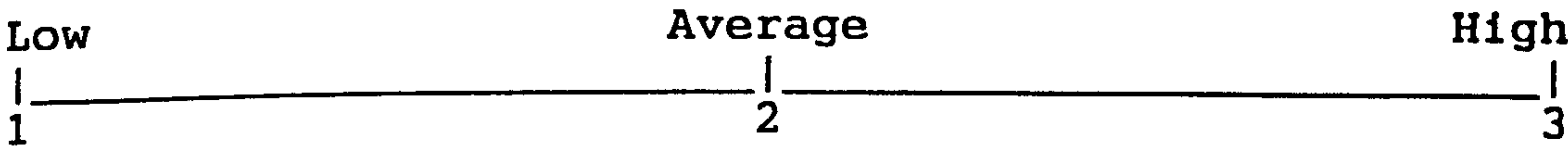
7. Effectiveness of communication with the customer.



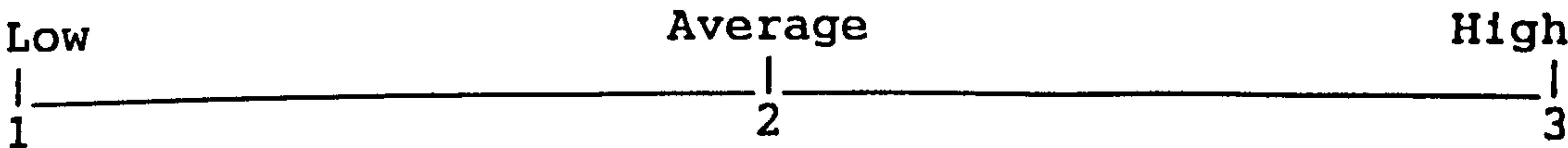
8. Value for money experienced by the customer.



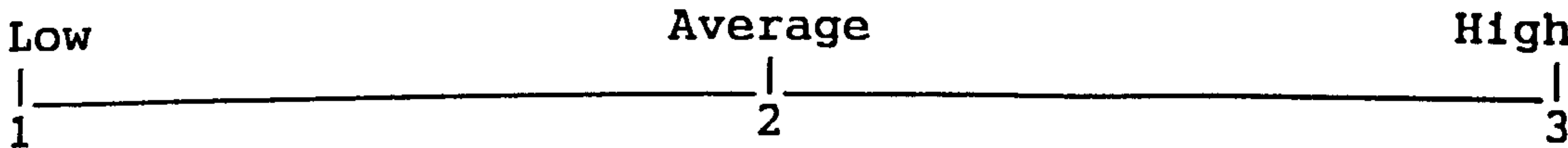
9. Effectiveness of logistics (transportation, accommodation and medical services).



10. Effectiveness of post-delivery service.



11. Your overall perception of customer service at the pilgrimage agency.



Additional Comments(on customer service at Lembaga Urusan Dan Tabung Haji) :

SECTION G : TRAINING NEEDS ANALYSIS

G.1 Does Luth have a customer-care/service training initiative ?

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	No

G.2 What preparation was/will be made for the programme ? Please tick the appropriate answer.

1	<input type="checkbox"/>	Customer survey(s)/market research.
2	<input type="checkbox"/>	Employee attitude surveys.
3	<input type="checkbox"/>	Articles in company publications.
4	<input type="checkbox"/>	Don't know

G.3 Did/has the company set specific objectives for the programme? Please tick the appropriate answer.

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	No

G.4 Who was/will the programme be aimed at? Please tick the appropriate answer.

1	<input type="checkbox"/>	All employees
2	<input type="checkbox"/>	Front-line staff
3	<input type="checkbox"/>	Non-management employees
4	<input type="checkbox"/>	Management only
5	<input type="checkbox"/>	Other(specify)_____

G.5 What form did/will the training take? Please tick the appropriate answer.

1	<input type="checkbox"/>	Awareness sessions on site
2	<input type="checkbox"/>	Awareness sessions away from the workplace
3	<input type="checkbox"/>	Distance Learning
4	<input type="checkbox"/>	Other(specify) _____

G.6 How long do/will training sessions run in total per employee?

1	<input type="checkbox"/>	Half a day or less.
2	<input type="checkbox"/>	More than half a day to one day.
3	<input type="checkbox"/>	More than one to two days.
4	<input type="checkbox"/>	More than two to five days.
5	<input type="checkbox"/>	More than five days.

G.7 How have you measured/will you evaluate results against training objectives?

1	<input type="checkbox"/>	Through specific, quantifiable measurements.
2	<input type="checkbox"/>	Through qualitative measurements.
3	<input type="checkbox"/>	No system of measurement.

G.8 What subject matter did/will the training cover? You may circle more than one answer.

1	<input type="checkbox"/>	Creating awareness.
2	<input type="checkbox"/>	Changing attitudes.
3	<input type="checkbox"/>	Changing behaviours.
4	<input type="checkbox"/>	Training in customer handling skills.
5	<input type="checkbox"/>	Training in problem-solving skills.
6	<input type="checkbox"/>	Training in customer-oriented leadership.
7	<input type="checkbox"/>	Training in team skills.
8	<input type="checkbox"/>	Creating quality processes and systems of working.
9	<input type="checkbox"/>	Management Development.
10	<input type="checkbox"/>	Other(specify)_____

G.9 Who led/will lead these sessions ?

1	<input type="checkbox"/>	Internal trainer (s).
2	<input type="checkbox"/>	Internal line managers.
3	<input type="checkbox"/>	External consultant (s).
4	<input type="checkbox"/>	External consultant initially, then internal people after a "train the trainer" programme.
5	<input type="checkbox"/>	Other(specify) _____

G.10 Did the initiative cover any other type of activity?

1	<input type="checkbox"/>	A review of structures.
2	<input type="checkbox"/>	A review of system.
3	<input type="checkbox"/>	A staff suggestion scheme.
4	<input type="checkbox"/>	A system for celebrating success.
5	<input type="checkbox"/>	A review of reward systems, financial and non-financial.
6	<input type="checkbox"/>	A Culture review.
7	<input type="checkbox"/>	Top management training.
8	<input type="checkbox"/>	Other(specify)_____

G.11 How were/will the sessions be supported ?

<input type="checkbox"/>	Demonstrated presence and commitment from top management.
<input type="checkbox"/>	Explanatory materials.
<input type="checkbox"/>	Personnel workbooks, action assignments.
<input type="checkbox"/>	Video/audio support materials.
<input type="checkbox"/>	Visits to/by customers.

G.12 Were/will each group of participants encouraged/be encourage immediately to start work on specific customer-care problems?
Please tick the appropriate answer.

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	No

G.13 Were they/will they be given authority to deal with these problems. Please tick the appropriate answer.

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	No
3	<input type="checkbox"/>	Sometimes

Please continue if respondents have undergone programmes. If not please stop. Thank You for your cooperation :

G.14 Overall did employees initially

1	<input type="checkbox"/>	See the programmes as "Flavour of the month"?
2	<input type="checkbox"/>	Perceive it as a genuine and welcome change of orientation?
3	<input type="checkbox"/>	View it with suspicion?
4	<input type="checkbox"/>	Have no preconceptions?

G.15 Has your programme fulfilled the objectives you set ?

1	<input type="checkbox"/>	Fully
2	<input type="checkbox"/>	Mostly
3	<input type="checkbox"/>	Only to a small degree
4	<input type="checkbox"/>	Not at all
5	<input type="checkbox"/>	We didn't set measurable objectives /haven't measured
6	<input type="checkbox"/>	Too early to say

G.16 Has the training fulfilled the objectives set?

1	<input type="checkbox"/>	Fully.
2	<input type="checkbox"/>	Mostly.
3	<input type="checkbox"/>	Only to a small degree.
4	<input type="checkbox"/>	Not at all.
5	<input type="checkbox"/>	We didn't set measurable objectives /haven't measured.
6	<input type="checkbox"/>	Too early to say.

G.17 Which of the following statements best describes your situation now?

1	<input type="checkbox"/>	We have done all we need to in customer service.
2	<input type="checkbox"/>	We have achieved our initial objectives and are now into a further stage of customer-service development.
3	<input type="checkbox"/>	The initial programme was reasonably successful but we are now at a plateau.
4	<input type="checkbox"/>	After an initial flush of enthusiasm, the impetus has been lost.
5	<input type="checkbox"/>	We are only just appreciating how much more there is to do.

G.18 Given the opportunity, what will you do differently?

GENERAL REMARKS(on customer service training at Lembaga Urusan dan Tabung Haji):

That completes the survey and would like to thank you for your help and co-operation in this research.

Ishak bin Ismail
PP Pengurusan
USM, Pulau Pinang

APPENDIX 3.3: INTRODUCTORY LETTER TO CUSTOMERS.

d/a Hajjah Fauziah bt Haji Mahmood
Penolong Pengarah
Perhubungan dan Penerangan
Bahagian Perhubungan Dan Penerangan
Lembaga Urusan Dan Tabung Haji
Ibu Pejabat Luth, Lantai 35
Peti Surat 11025
50732 Kuala Lumpur

KEPADA SESIAPA YANG BERKENAAN

Yang Berbahagia Tan Sri/Dato'/Tuan/Puan

KAJIAN PERKHIDMATAN PENGGUNA (CUSTOMER SERVICE)

Merujuk kepada perkara yang tersebut di atas, saya adalah kakitangan akademik Pusat Pengajian Pengurusan, Universiti Sains Malaysia yang pada masa ini sedang mengikuti kursus Ijazah Sarjana di University of Hull, United Kingdom.

2. Tajuk thesis saya adalah, "A Study On The Perception of Customer Service Between Managers and Customers In A Service Organization - A Case Study of The Pilgrimage Management And Fund Board (Lembaga Urusan Dan Tabung Haji), Malaysia.

3. Bagi membantu saya mendapatkan maklumat yang sahih serta berkesan saya telah menyediakan senaskah soal-selidik. Pengisian soal-selidik ini memakan masa lebih kurang satu jam. Diminta kerjasama Yang Berbahagia Tan Sri/Dato'/Tuan/Puan untuk menjawab soal-selidik ini.

4. Sila kembalikan soal-selidik dengan menggunakan sampul surat bersetem yang disediakan. Harap dapat dikembalikan sebelum 20hb Julai 1994. Penyertaan Yang Berbahagia Tan Sri/Dato'/Tuan/Puan saya dahului dengan ucapan ribuan terima kasih.

Sekian, Wassalam.

Yang benar



ISMAIL B. ISMAIL

Tarikh: 4hb Julai 1994

APPENDIX 3.4 : CUSTOMERS' QUESTIONNAIRE

SECTION A : CUSTOMER'S PROFILE

Please tick the appropriate answer.

A.1 SEX

1	<input type="checkbox"/>	Male
2	<input type="checkbox"/>	Female

A.2 AGE : _____

A.3 MARITAL STATUS :

1	<input type="checkbox"/>	Married
2	<input type="checkbox"/>	Single

A.4 EDUCATIONAL LEVEL :

Please tick the phase which you have successfully completed.

1	<input type="checkbox"/>	Primary
2	<input type="checkbox"/>	Secondary
3	<input type="checkbox"/>	Diploma
4	<input type="checkbox"/>	Undergraduate
5	<input type="checkbox"/>	Post-Graduate

A.5 Dwelling Area : Where do you live?

Please specify : _____

A.6 Occupation

a. Do you have a full-time job?

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	No .If No, please go to question d.

b. If yes, which of these two sectors ?

- 1

☐

Public / Government
- 2

☐

Private

c. If private, whom do you work for ?

- 1

☐

Someone else(Please go to A.7)
- 2

☐

Ownself

d. Which of these descriptions best fits you ?

- 1

☐

Retired
- 2

☐

Housewife
- 3

☐

Unemployed
- 4

☐

Part-time worker

A.7 Income Level (Monthly)

- 1

☐

Below \$200.00
- 2

☐

\$200.00 - \$ 499.00
- 3

☐

\$500.00 - \$ 999.00
- 4

☐

\$1,000.00 - \$2,999.00
- 5

☐

\$3,000.00 - \$4,999.00
- 6

☐

\$5,000.00 and above

A.8 Background Information

For questions a and b please tick where appropriate.

a.Have you been on pilgrimage to Mecca ?

- 1

☐

Yes(If Yes, please answer questions b to f)
- 2

☐

No(If No,please answer questions g-k)

b. How many times ?

1

Once

2

More than once

c. State year/years : , ,

d. Which agency did you use ? Please tick the boxes.

	Luth	Private Agency (Please Name)
Your Most Recent Visit		
The Visit Prior To That		
The Visit Prior To That		
The Visit Prior To That		

e. Please tick the factors which influenced your choice the most:-

1

The Price you expected to be charged

2

How you expected to be treated

3

Other (please specify)
.....
.....

f. How did you get to know of the organization ? Please tick the answer where appropriate.

1

Advertisements (TV,Radio,Newspapers and Magazines)

2

Referrals (Word-of-Mouth)

3

Promotions (Trade Shows & Office Visits)

Now please go to Section B.

g. Do you intend to go?

- | | | |
|---|--|----------------------------|
| 1 | | Yes |
| 2 | | No(Please go to Section B) |

h. If Yes, when do you intend to go? Please tick where appropriate.

- | | | |
|---|--|--------------|
| 1 | | 1995 |
| 2 | | 1996 |
| 3 | | 1997 |
| 4 | | Not Definite |

i. Which agency do you intend to use ?

- | | | |
|---|--|--|
| 1 | | Luth |
| 2 | | Private Agency .
Please specify |

j. Please tick the factors which influenced your choice the most:

- | | | |
|---|--|--|
| 1 | | The price you expected to be charged |
| 2 | | How you expected to be treated |
| 3 | | Other. Please specify.....
.....
..... |

k. How did you get to know of the organization ? Please tick the answer where appropriate.

- | | | |
|---|--|---|
| 1 | | Advertisements (Newspapers, Magazine, Radio & TV) |
| 2 | | Referrals (Word-of-mouth) |
| 3 | | Promotion (Trade shows and Office-Visits) |

SECTION B : EXPERIENCES OF CUSTOMER SERVICE

B.1 a. Based on your experience can you give examples of customer service that you consider as good?

b.Did you take any action?

- 1

☐

Yes
- 2

☐

No(Please go to B.2)

c.If Yes, specify :

B.2 a. Based on your experience can you give examples of customer service that you consider as bad ?

b. Did you take any action ?

1

☐

Yes

2

☐

No(Please go to B.3)

c.If Yes, please specify:

B.3a. How do you think that companies can improve customer service with new elements or change aspects to the service delivered?

b. How do you think companies can improve customer service with changes to delivery system ?

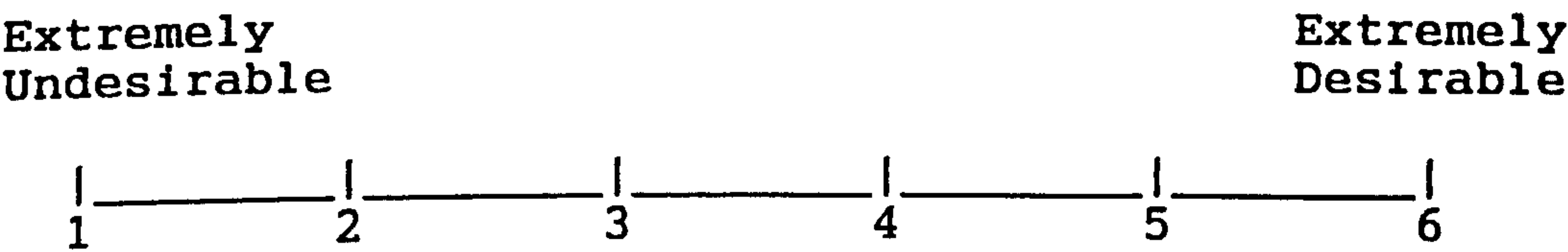
B.4 How would you define customer service ?

Section C : Personality & Values

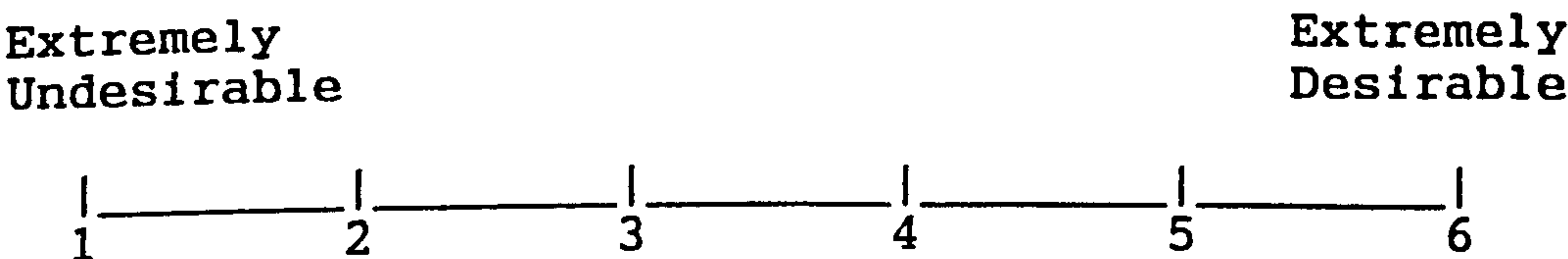
C.1 PERSONALITY

The following is a list of personality statements which describe a variety of situations. There are no "right" or "wrong" answers. The purpose of this survey will be served best if you accurately report your feelings toward each statement. There are six numbers provided following each of these statements. Please circle the number which best expresses how desirable or undesirable the situation seems to you.

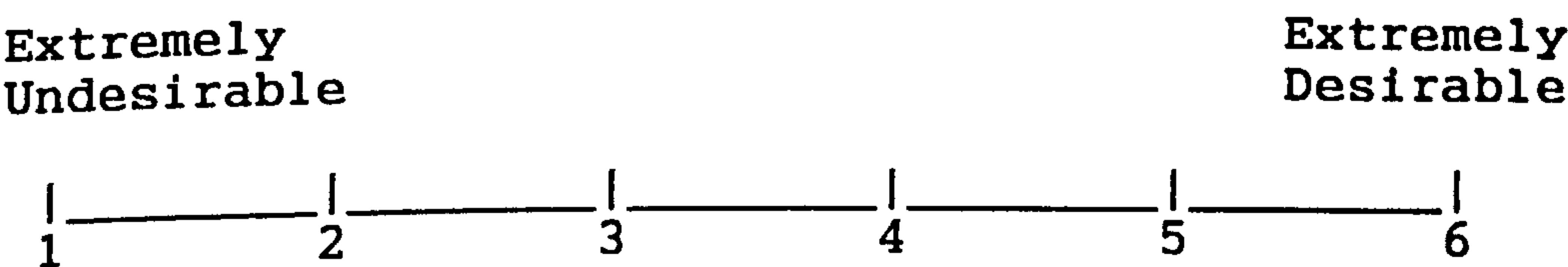
(1) Being free of emotional ties is :



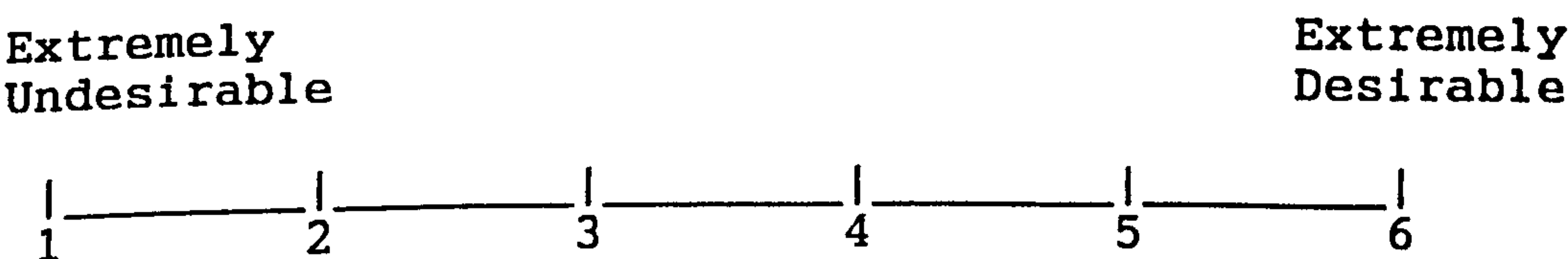
(2) Giving comfort to those in need of friends is :



(3) The knowledge that most people would be fond of me at all times would be :



(4) To refuse to give in to others in an argument seems:



(5) Enjoying a good movie by myself is :

Extremely
Undesirable

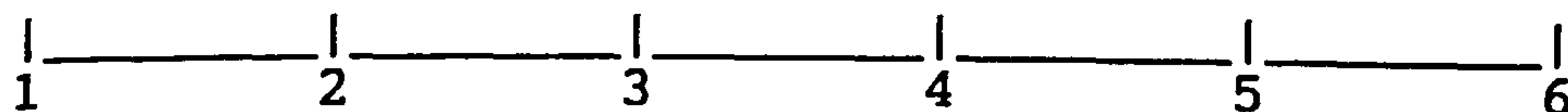
Extremely
Desirable



(6) For me to ignore what others think of me seems :

Extremely
Undesirable

Extremely
Desirable



(7) For me to be able to own a highly desirable item before most of my friends would be :

Extremely
Undesirable

Extremely
Desirable



(8) Knowing the others are somewhat envious of me is :

Extremely
Undesirable

Extremely
Desirable



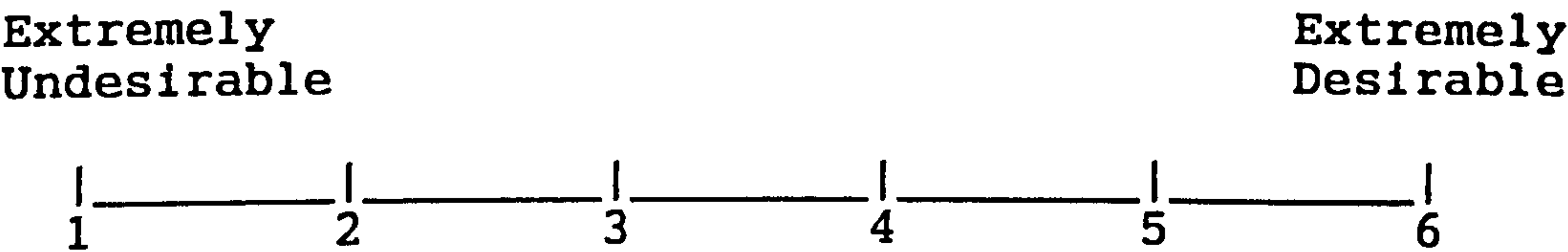
(9) To feel that I like everyone I know would be :

Extremely
Undesirable

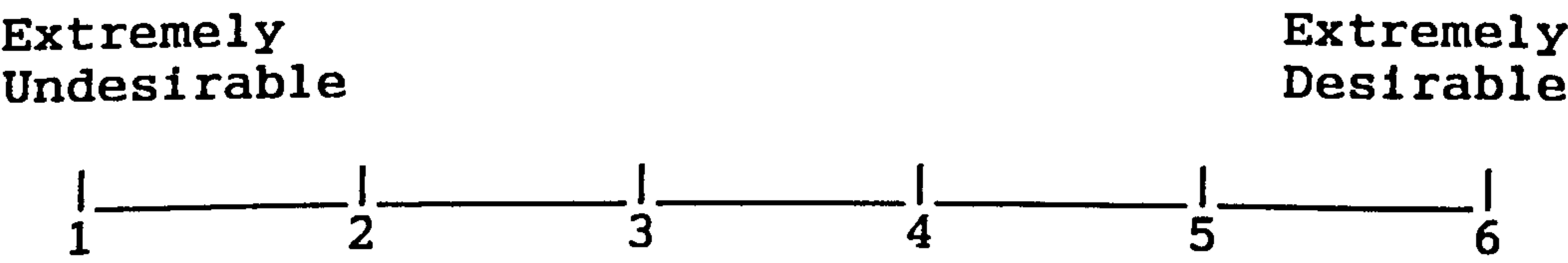
Extremely
Desirable



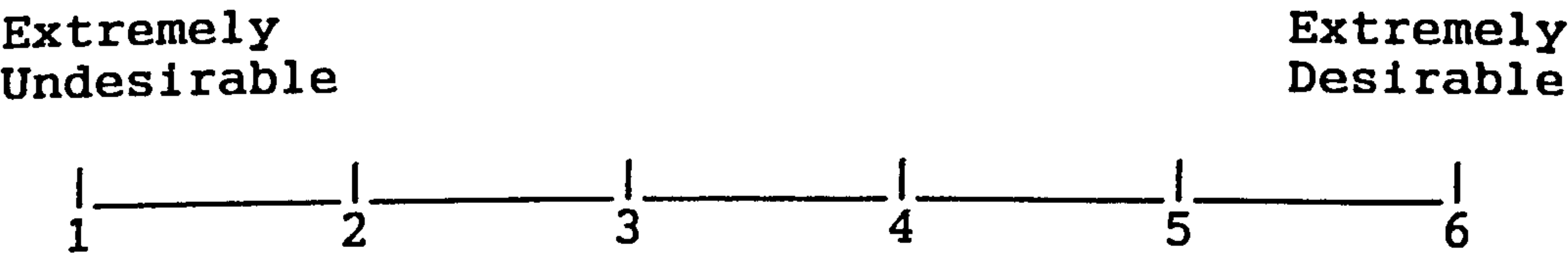
(10) To be able to work hard while others are elsewhere having fun is :



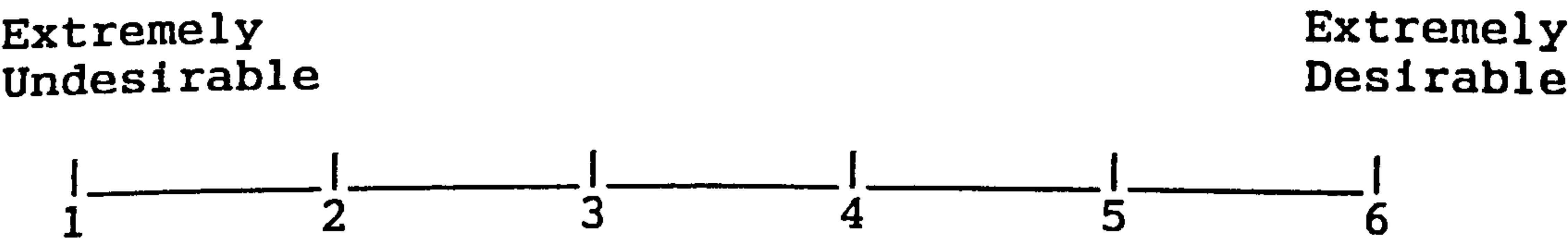
(11) Using influence to get ahead would be :



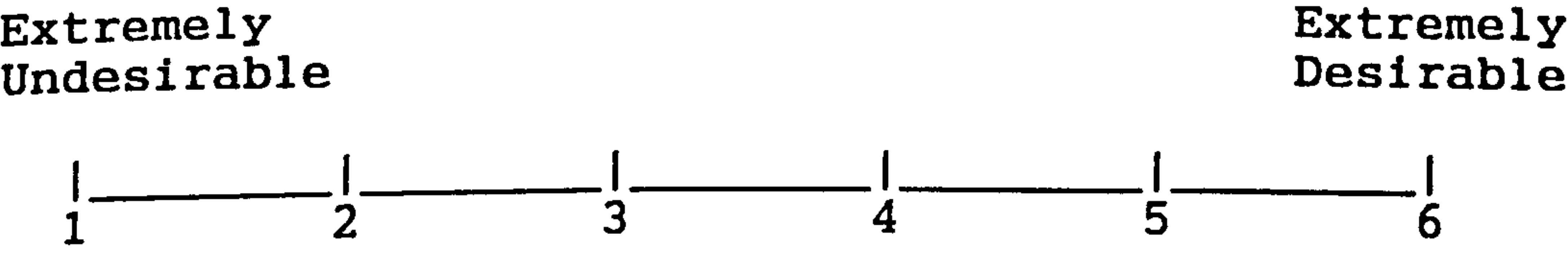
(12) For me to have enough money or power to impress self-styled "big shots" would be :



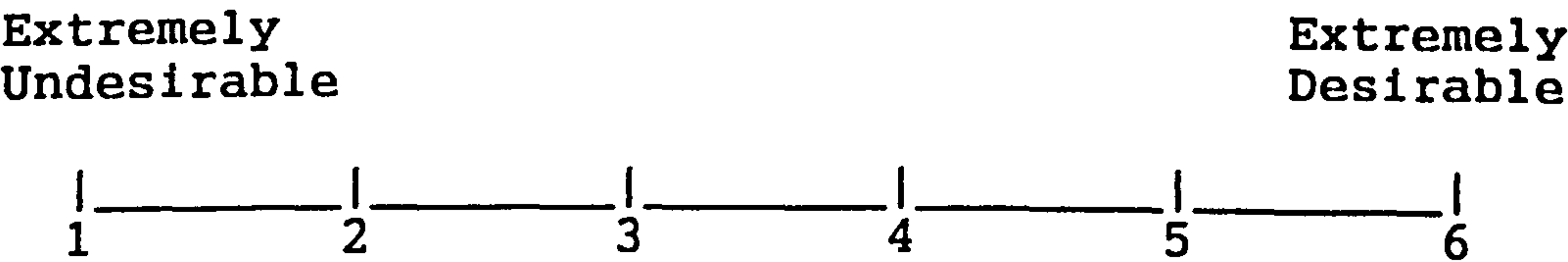
(13) Basing my life on duty to others is :



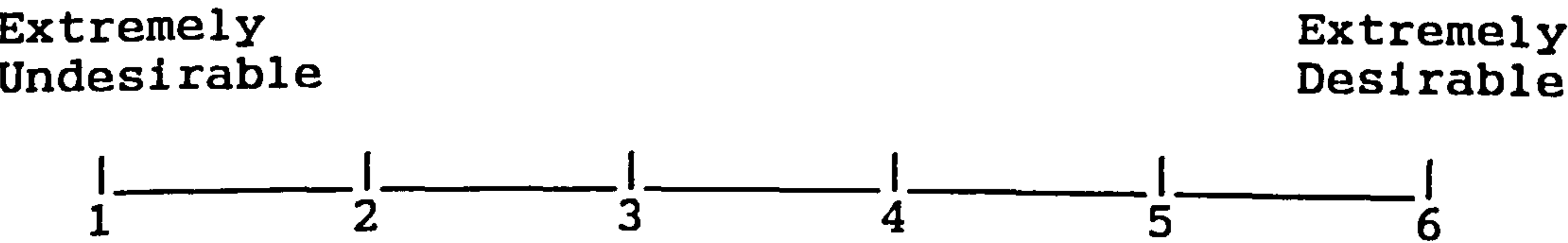
(14) To work under tension would be :



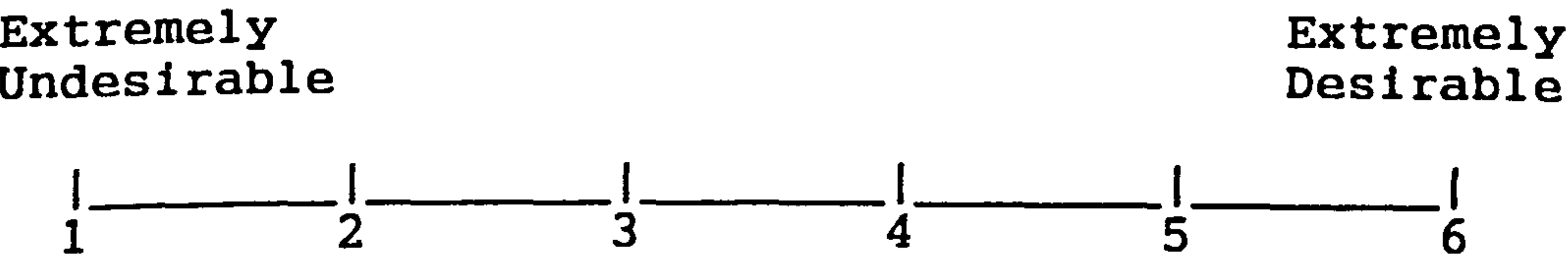
(15) If I could live all alone in a cabin in the woods or mountains it would be :



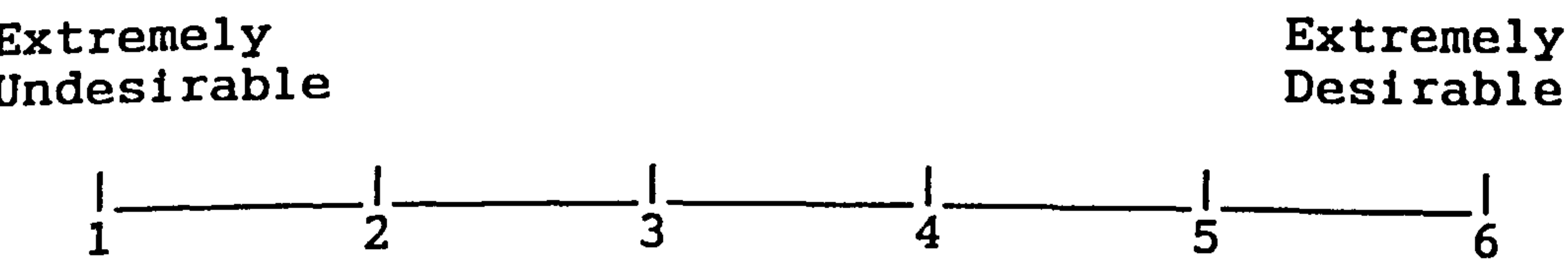
(16) Punishing those who insult my honour is :



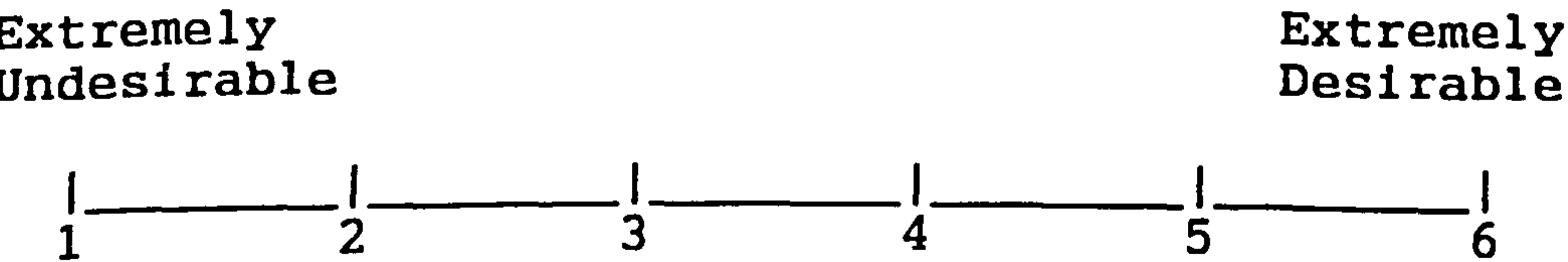
(17) To give aid to the poor and underprivileged is :



(18) Standing in the way of people who are too sure of themselves is :



(19) Being free of social obligation is :



(20) To have something good to say about everybody
seems :

Extremely
Undesirable

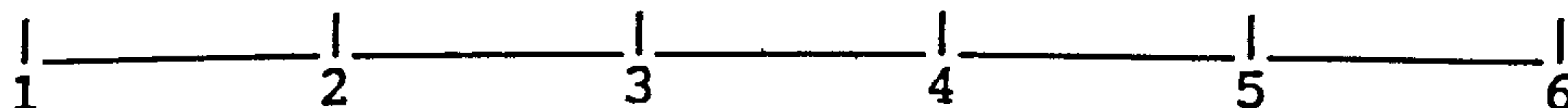
Extremely
Desirable



(21) Telling a waiter when you have received inferior
food is :

Extremely
Undesirable

Extremely
Desirable



(22) Planning to get along without others is :

Extremely
Undesirable

Extremely
Desirable



(23) To be able to spot and exploit weakness in
others is :

Extremely
Undesirable

Extremely
Desirable



(24) A strong desire to surpass other's achievement
seems :

Extremely
Undesirable

Extremely
Desirable



(25) Sharing my personal feelings with others would be :

Extremely
Undesirable

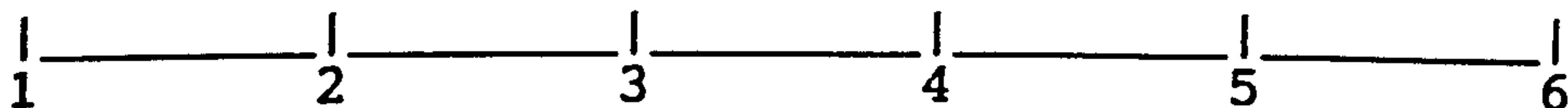
Extremely
Desirable



(26) To have the ability to blame others for their mistake is :

Extremely
Undesirable

Extremely
Desirable



(27) For me to avoid situations where others can influence me would be:

Extremely
Undesirable

Extremely
Desirable



(28) Wanting to repay others' thoughtless actions with friendship is:

Extremely
Undesirable

Extremely
Desirable



(29) Having to compete with others for various rewards is :

Extremely
Undesirable

Extremely
Desirable



(30) If I knew that others paid very little attention to my affairs it would be :

Extremely Undesirable Extremely Desirable



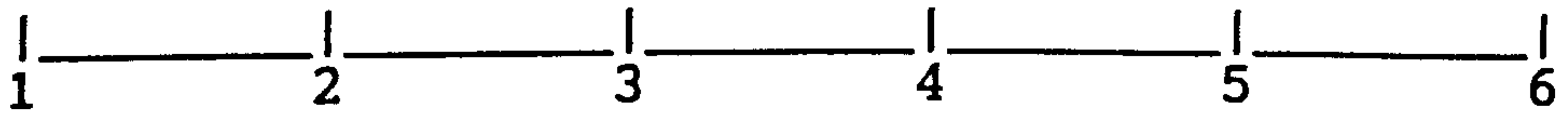
(31) To defend my rights by force would be :

Extremely Undesirable Extremely Desirable



(32) Putting myself out to be considerate of other's feelings is :

Extremely Undesirable Extremely Desirable



(33) Correcting people who express an ignorant belief is :

Extremely Undesirable Extremely Desirable



(34) For me to work alone would be :

Extremely Undesirable Extremely Desirable



(35) To be fair to people who do things which I consider wrong seems :

Extremely Undesirable Extremely Desirable



C.2 Values

Rank the following values in order of their importance as guiding importance as guiding principles in your life. Place a "1" against the most important value and a "2" against the next most important and so on. Indicate the rank in the space provided :

- a. Exciting life
- b. Sense of accomplishment
- d. World at peace
- e. World of beauty
- f. Equality
- g. Family Security
- h. Freedom
- i. Happiness
- j. Inner harmony
- k. Mature love
- l. National Security
- m. Pleasure
- n. Salvation
- o. Self-respect
- p. Social-recognition
- q. True-friendship
- r. Wisdom

Section D : Exposure to advertising and media.

D.1 Newspapers

a. Do members of your household has access to newspapers ?
Please tick the appropriate answer.

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	No(If No, please go to Section D.2)

b. Which of these papers, do you recieve ?
Please tick all that apply.

1	<input type="checkbox"/>	The New Straits Times
2	<input type="checkbox"/>	The Financial Times
3	<input type="checkbox"/>	The STAR
4	<input type="checkbox"/>	Berita Harian
5	<input type="checkbox"/>	Utusan Malaysia
6	<input type="checkbox"/>	Other.Please specify_____

c. How regularly do you receive these papers? Please tick.

Weekly	Daily	Occasionally	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The New Straits Times
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Financial Times
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The STAR
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Berita Harian
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Utusan Malaysia
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other (specify)

d. How often do you read them? Please tick the boxes.

Regularly	Occasionally	Never

The New Straits Times
The Financial Times
The STAR
Berita Harian
Utusan Malaysia
Other (specify)

5. How deeply do you read?

Read in Depth	Skim over

The New Straits Times
The Financial Times
The STAR
Berita Harian
Utusan Malaysia
Other (Specify)

D.2 Magazines

a.Do members of your household have access to magazines?

- 1

☐

Yes
- 2

☐

No. If No, please go to question D.3

b. Which of these magazines do you receive ?
Please tick the appropriate answer.

1	<input type="checkbox"/>	Newsweek
2	<input type="checkbox"/>	Time
3	<input type="checkbox"/>	Far Eastern Economic Review
4	<input type="checkbox"/>	Asiaweek
5	<input type="checkbox"/>	Malaysian Business
6	<input type="checkbox"/>	Dewan Masyarakat

c. How regularly do you receive these magazines ?

Weekly	Daily	Occasionally	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Newsweek
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Time
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Far Eastern Economic Review
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Asiaweek
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Malaysian Business
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Dewan

d. How often do you read them ? Please tick the boxes.

Regularly	Occasionally	Never	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Newsweek
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Time
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Far Eastern Economic Review
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Asiaweek
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Malaysian Business
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Dewan

e.How deeply do you read it?

Read in Depth	Skim over	
		Newsweek
		Time
		Far Eastern Economic Review
		Asiaweek
		Malaysian Business
		Dewan Masyarakat

D.3 T.V

a. Is there a television in your house ? Please tick the appropriate answer.

- 1

☐

Yes
- 2

☐

No(If No, please go to D.4)

b. How many sets do you have ?

c. Please estimate the amount of time you spend viewing the different T.V channels each week by placing a tick in the appropriate box .

	10 or more hours but less than 20 hours	20 or more hours but less than 30 hours	30 hours or more
Channel 1			
Channel 2			
TV 3			

d. Please cast your mind back to last evening and complete the blanks.

Our TV was on from to
and from to
and from to

e. It was turned to different channels as follows :

Channel 1 hours.
Channel 2 hours.
TV 3 hours.

f. I watched for % of the time the set was switched on.

D.4 : Media Effect On The Purchase Decision

a. Write down as many advertisements for products and services as you can which you have seen recently in newspapers, T.V and magazines.

Newspapers	Television	Magazines

b. In the last year have you bought any items mentioned in the above list ?

1	<input type="checkbox"/>	Yes
2	<input type="checkbox"/>	No

c. If yes, please specify and give the approximate value of the purchase.

SECTION E : COMPETITION

E.1 Does any company enjoy a monopoly in the various aspects of performing the Haj?

- 1

☐

Yes
- 2

☐

No. Please go to E.3

E.2 If Yes, please specify the company

Please go to E.5.

E.3 Please write down all the firms that you know of, that assist in the various aspects of performing the Haj.

E.4 How are the competitors different from Luth?

E.5 Do you think competition is necessary for this kind of service? Please tick the appropriate answer.

- 1

☐

Yes
- 2

☐

No

E.6 Please state your reason/reasons.

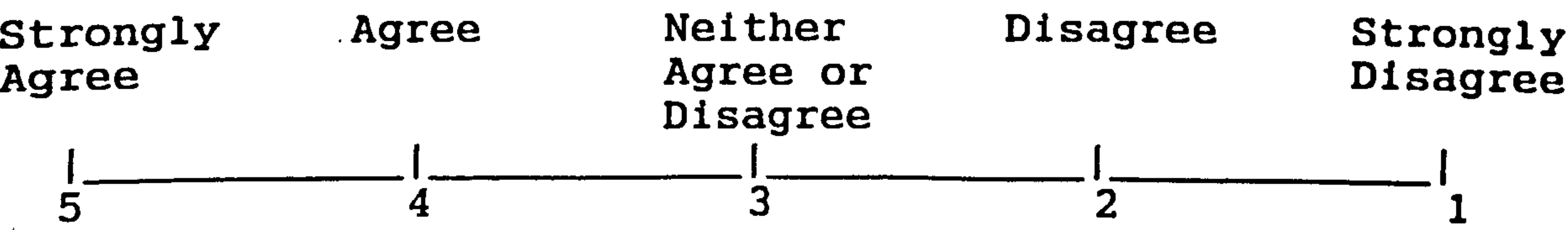
SECTION F : Measurement of Expectation

Part 1

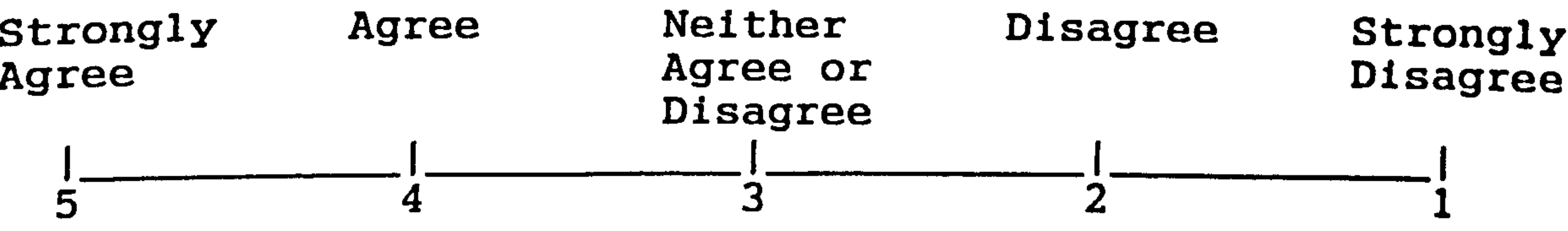
The following are statements on customer service delivery. As an experienced consumer of services, think about the company that would deliver good service. Indicate your agreement or disagreement by circling the appropriate numbers. There is no right or wrong answers to these responses. The numbers reflect your opinion of what constitutes good customer service.

- 5 = Strongly Agree
- 4 = Agree
- 3 = Neither Agree/Nor Disagree
- 2 = Disagree
- 1 = Strongly Disagree.

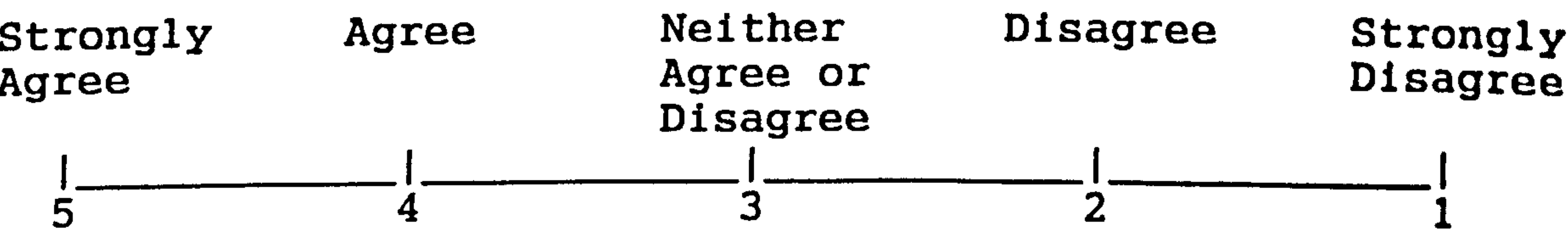
1. Employees of excellent companies are able to answer customers' queries without hesitation.



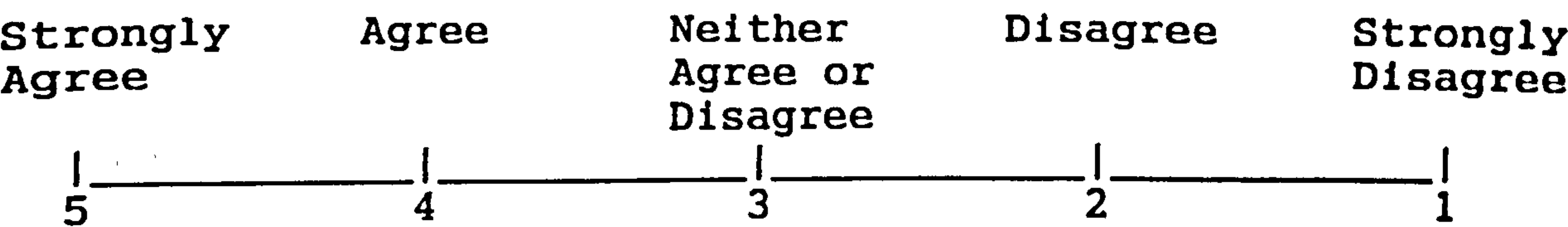
2. At excellent service companies, employees at all levels are able to attend to customer complaints without having to refer to a higher authority.



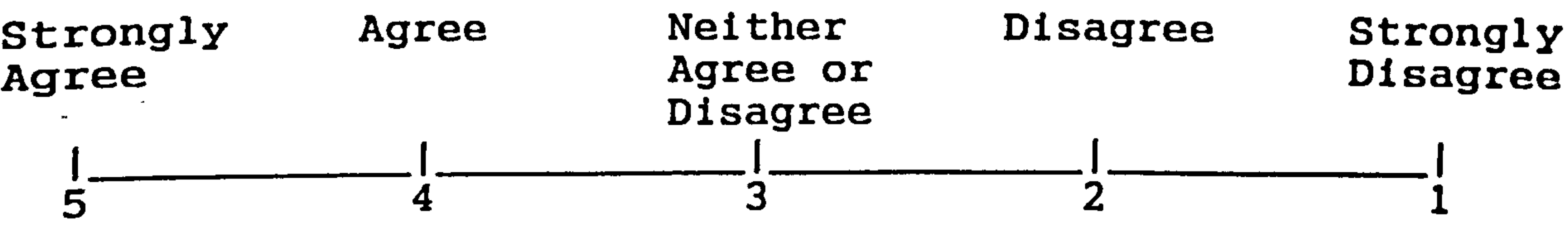
3. Business transaction in excellent service companies is not time consuming.



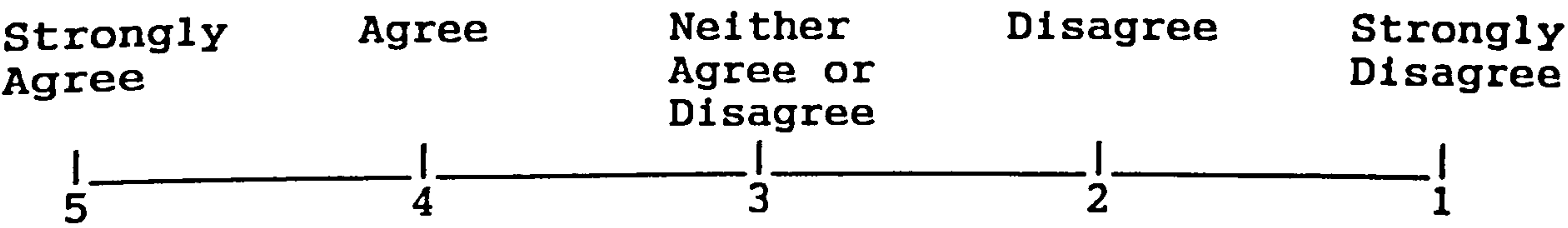
4. Information flow in excellent service companies is efficient.



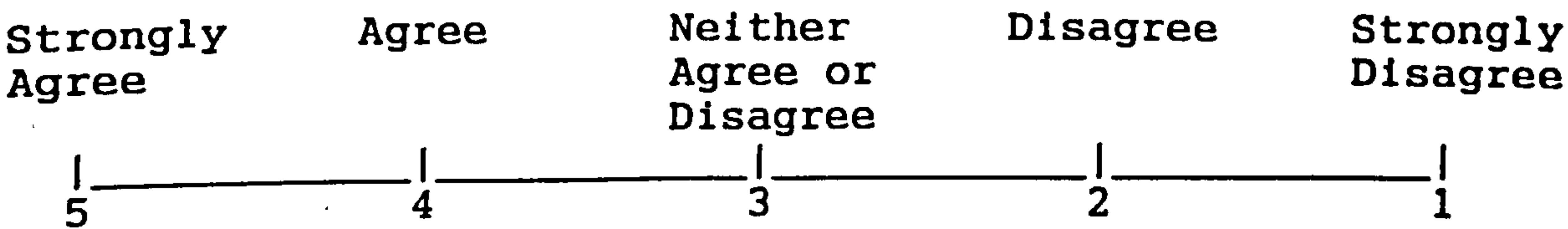
5. Excellent service companies have modern-looking equipment.



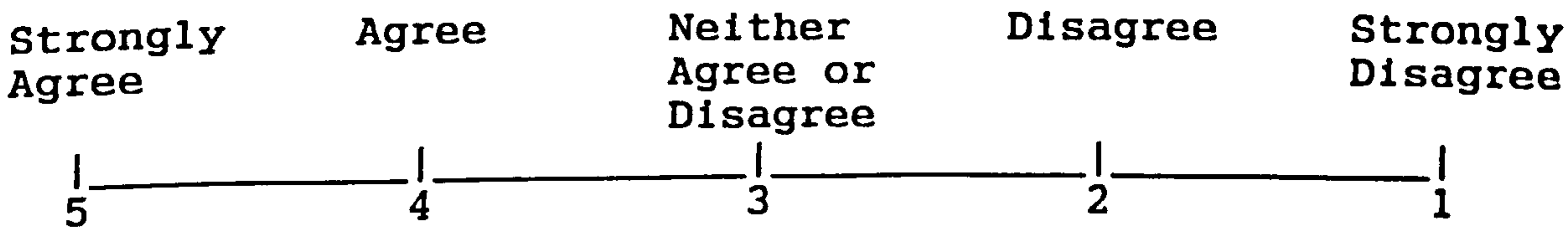
6. The physical facilities at excellent service companies are visually appealing.



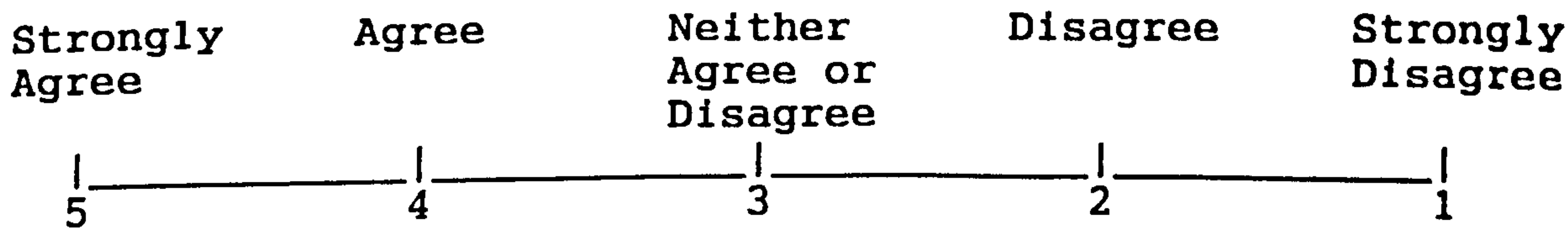
7. Employees at excellent service companies appear neat and tidy.



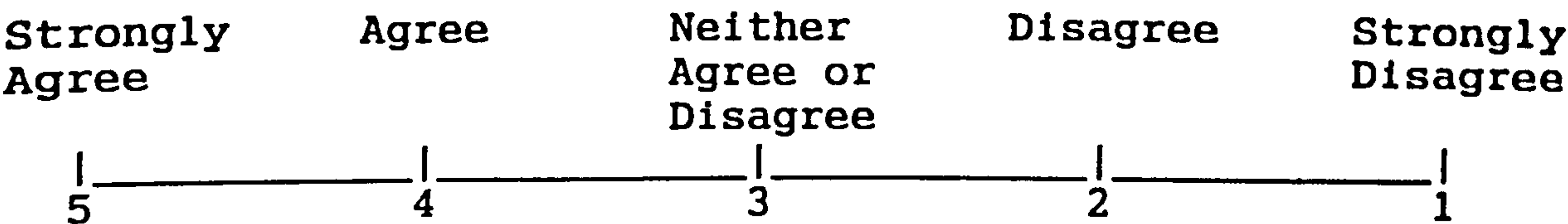
8. Excellent service companies produce materials associated with service (such as pamphlets or statements) which are visually appealing.



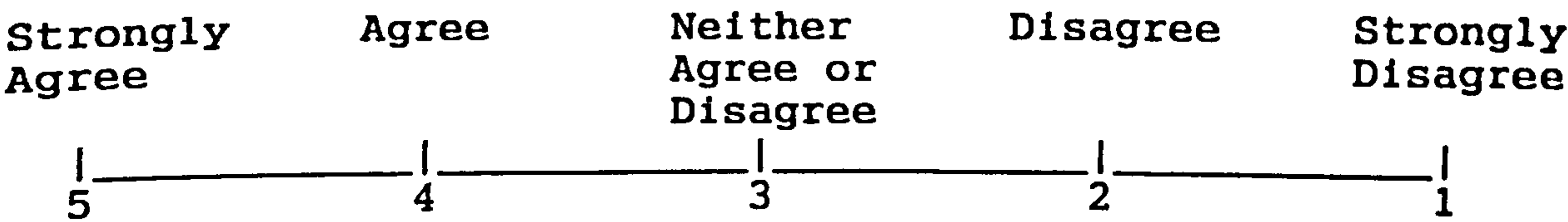
9. When excellent service companies promise to do something by a certain time, they will do so.



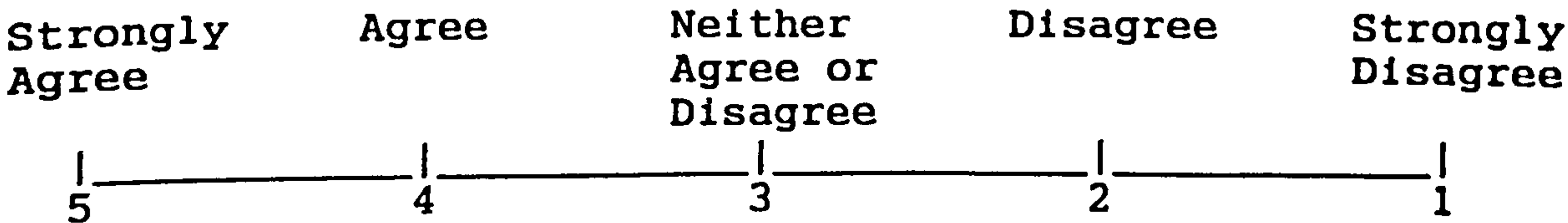
10. When a customer comes with a problem, the employee of an excellent service company will show interest in solving it.



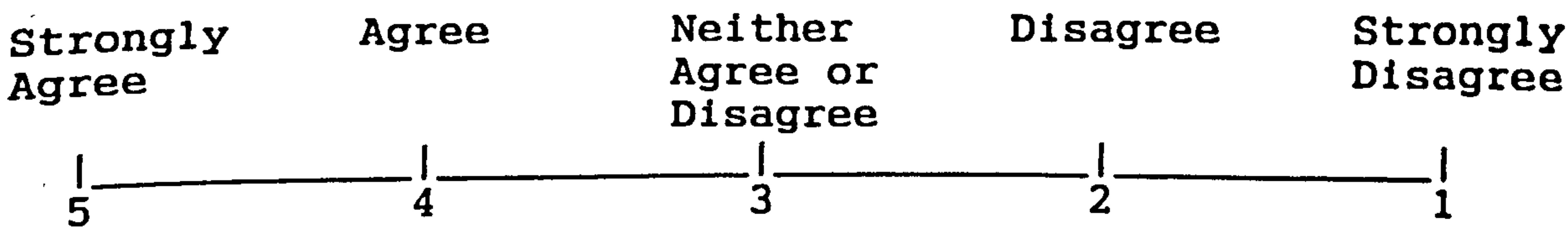
11. Excellent service companies perform the service right the first time.



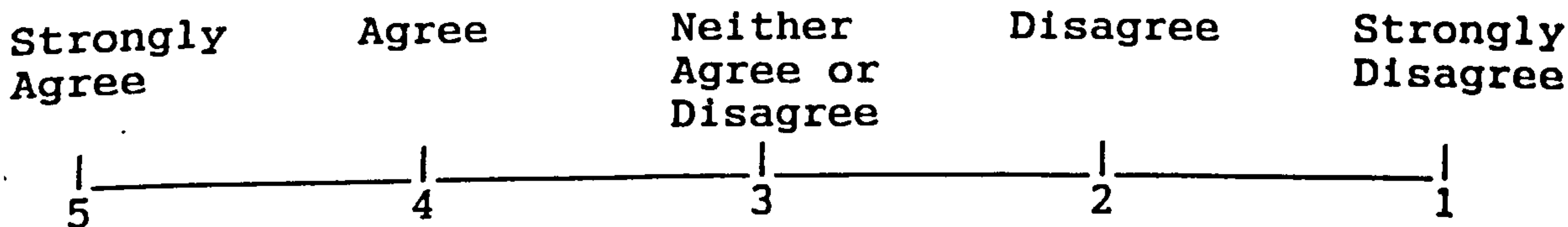
12. Excellent service companies insist on error-free records.



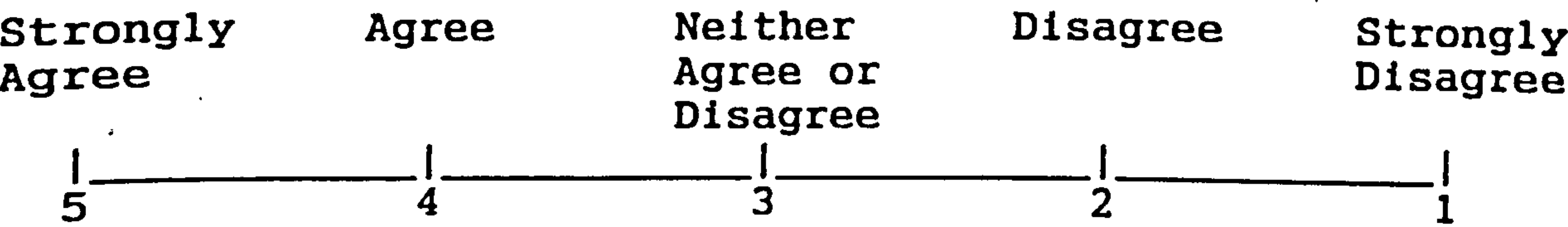
13. Employees in excellent service companies tell exactly when services will be performed.



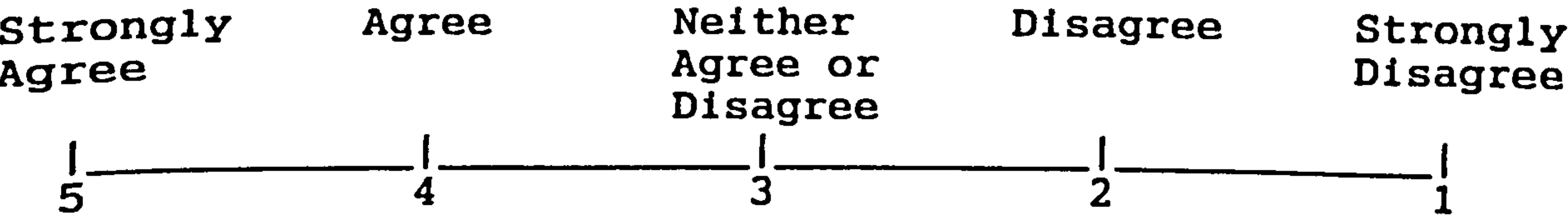
14. Employees in excellent service companies give prompt service.



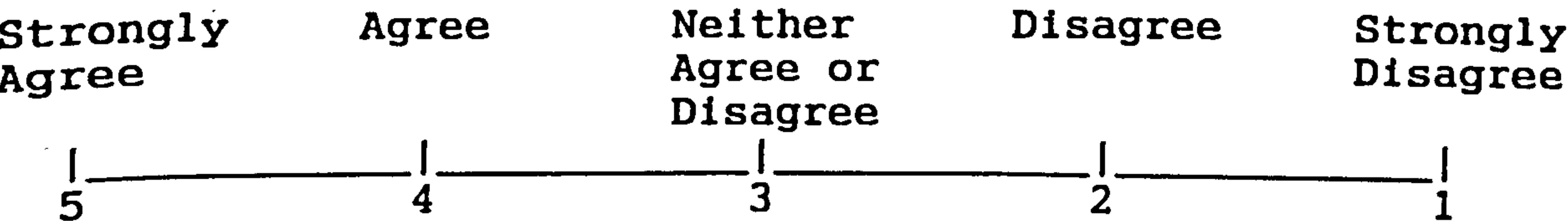
15. Employees in excellent service companies are always willing to help customers.



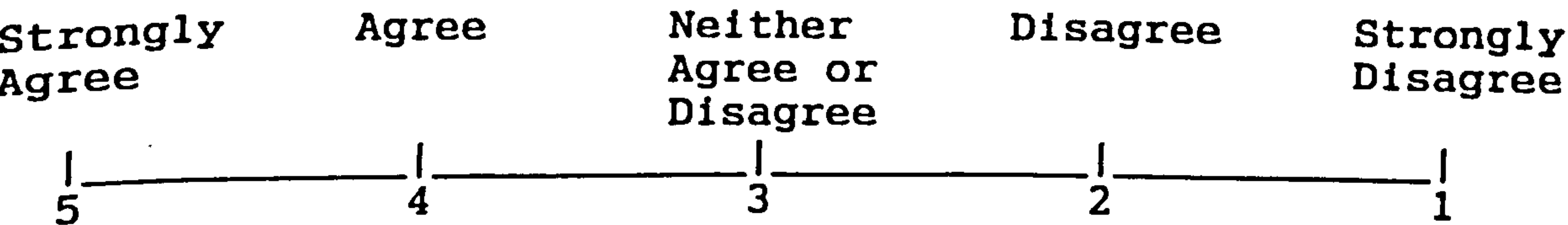
16. Employees in excellent service companies are never too busy to respond to customers' request.



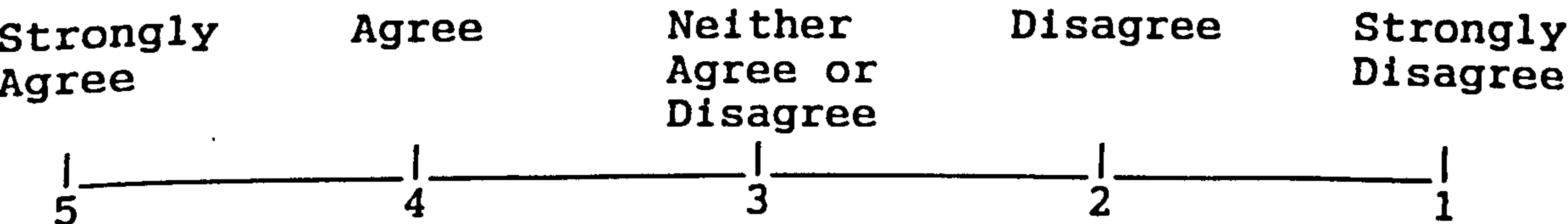
17. The behaviour of employees in excellent service companies instills confidence in customers.



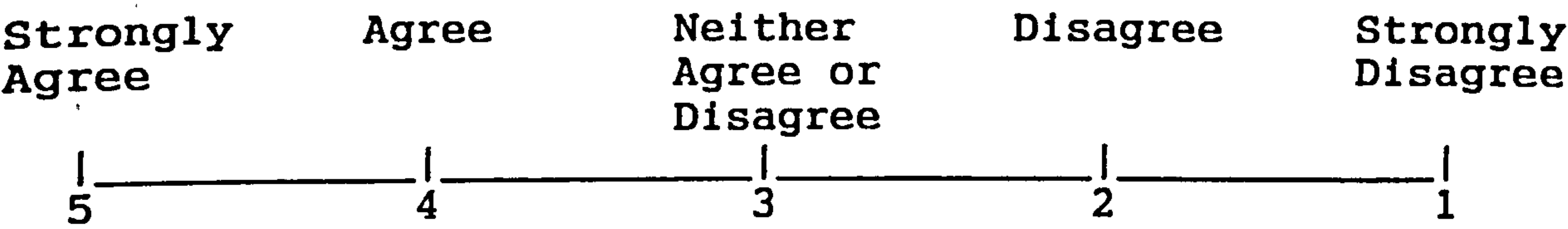
18. Customers of excellent service companies feel safe in their transaction.



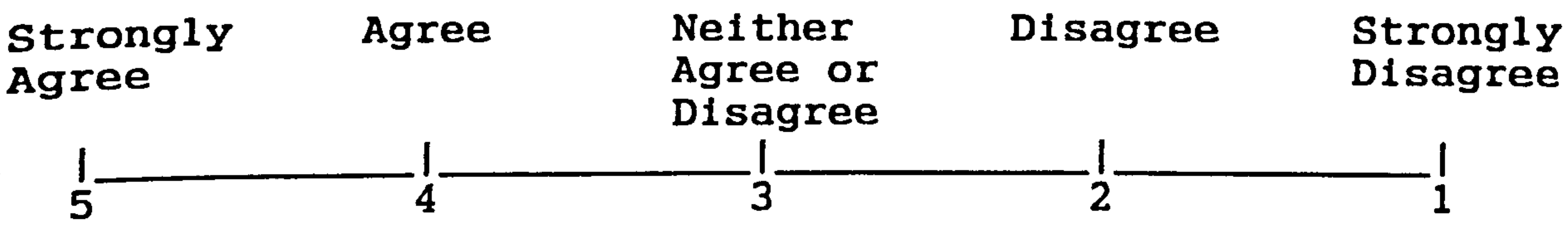
19. Employees in excellent service companies are consistently courteous with customers.



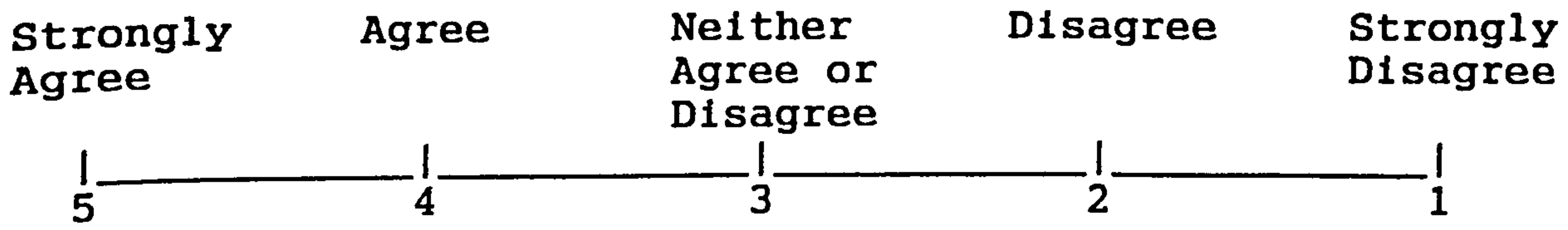
20. Employees in excellent service companies have the knowledge to answer customers' questions.



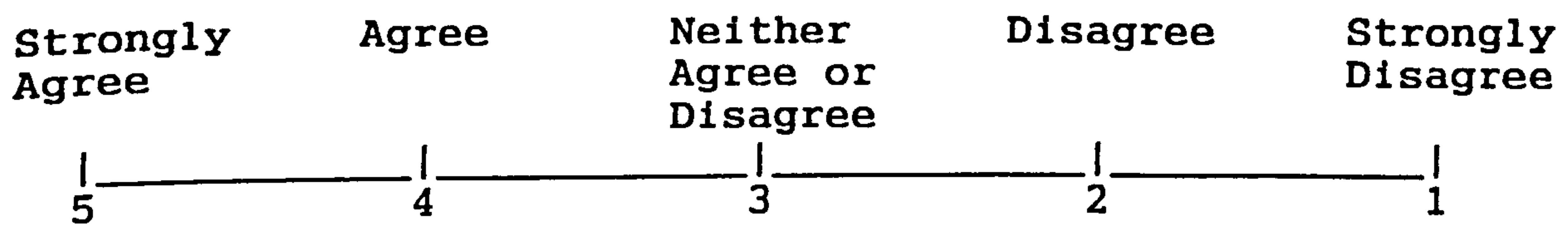
21. Excellent service companies give customers individual attention.



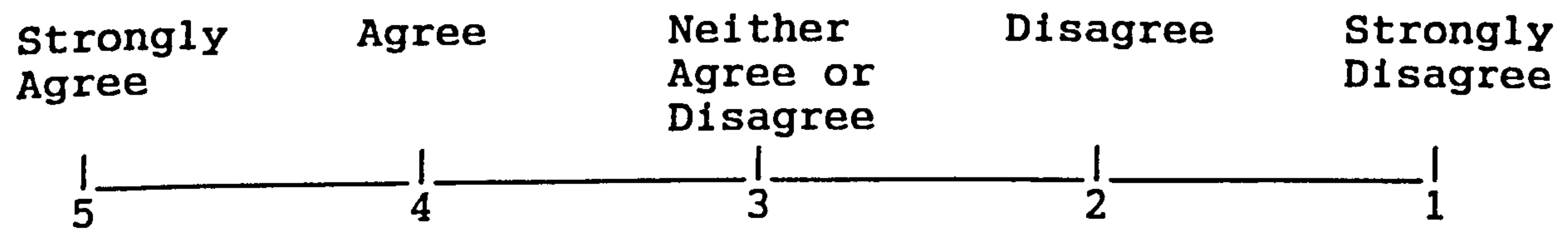
22. Excellent service companies have operating hours which are convenient to their customers.



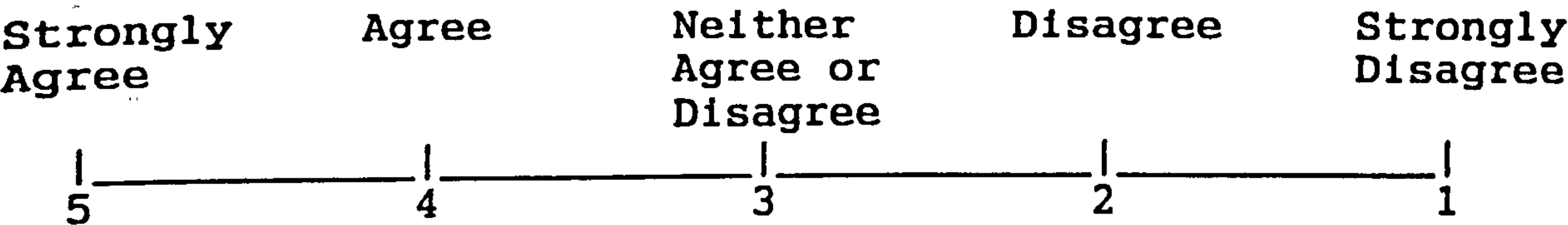
23. Excellent service companies have employees who give customers personal attention.



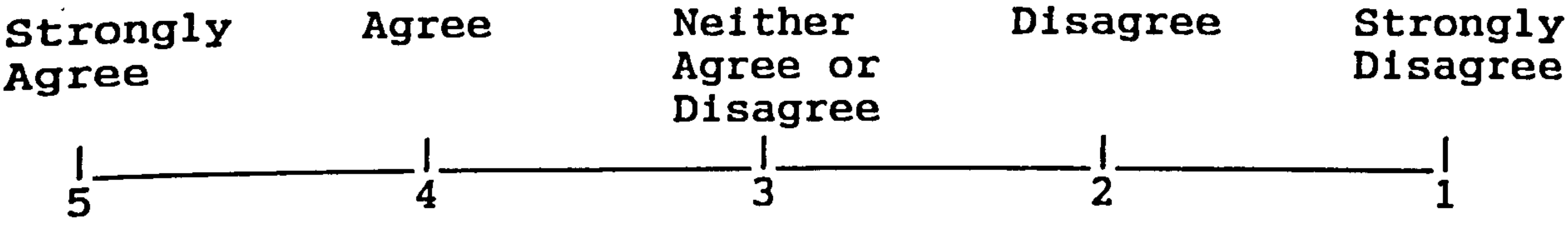
24. Excellent service companies have the customer's best interest at heart.



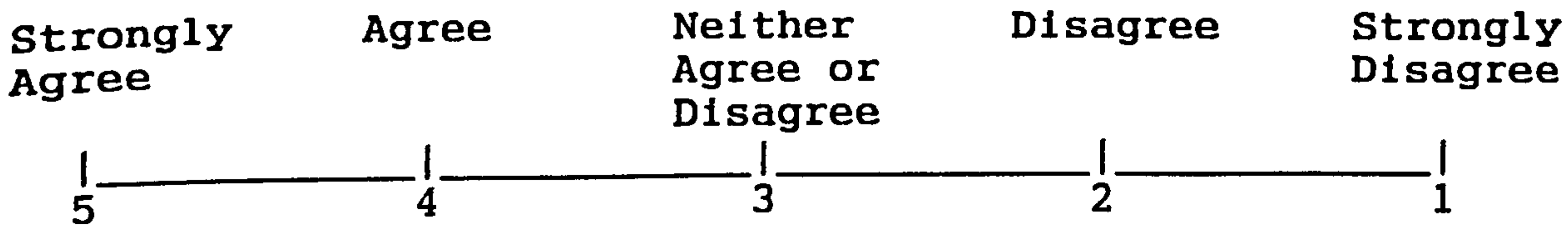
25. The employees of excellent service companies understand the specific needs of their customers.



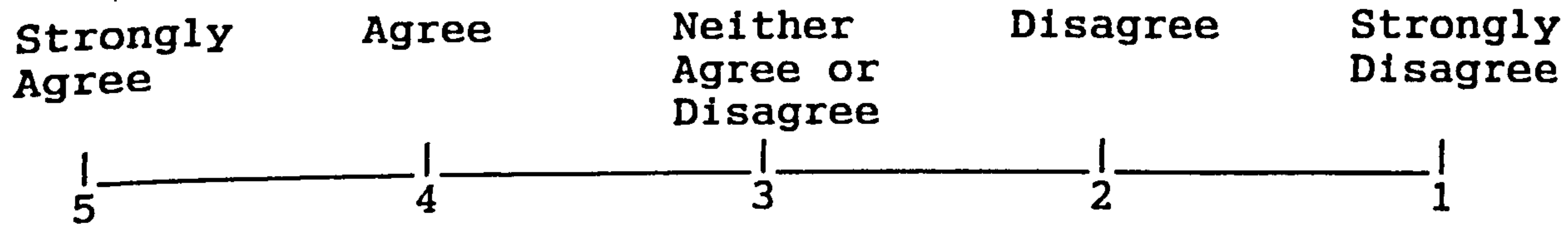
26. Product message of service excellent service companies is easy to comprehend.



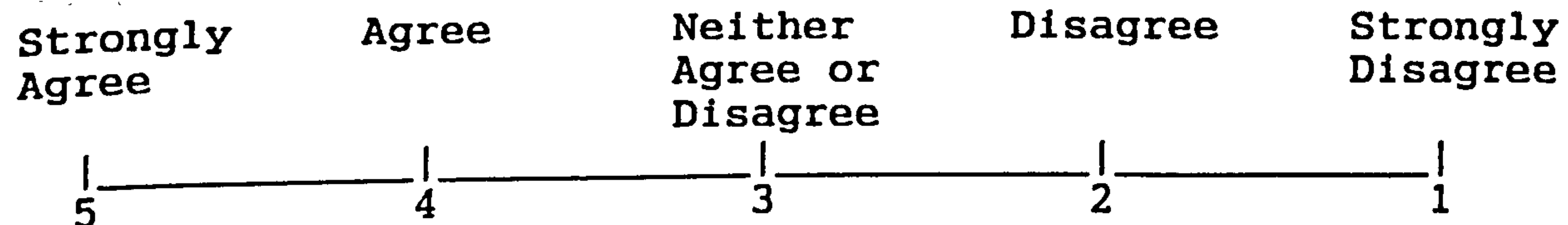
27. Excellent service companies make known to prospects their product offer.



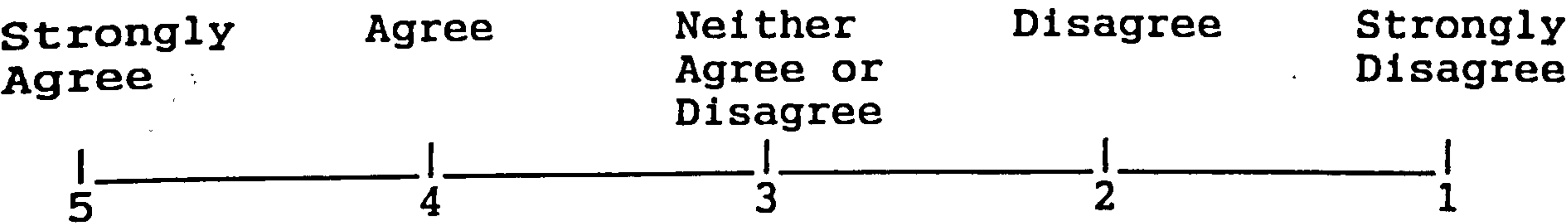
28. Commercials and advertisements of excellent service firms aid in buying decisions.



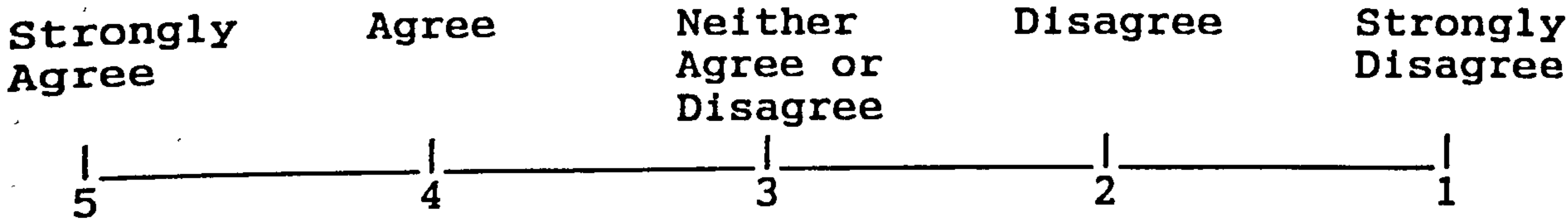
29. Employees of excellent service companies help put implied messages into perspective.



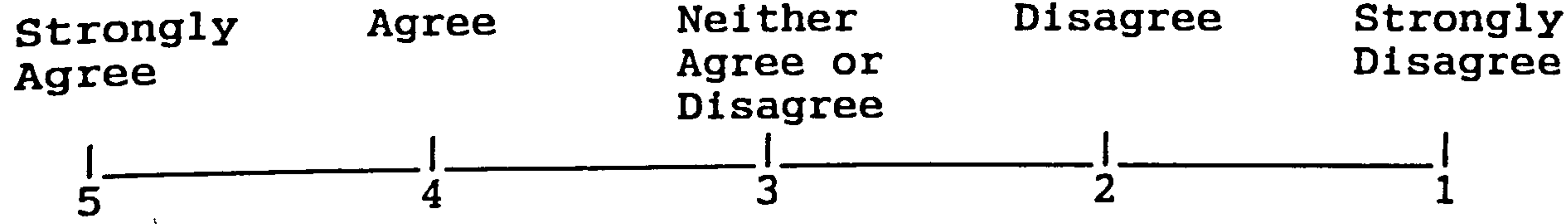
30. Excellent service companies provide avenues for enquiries.



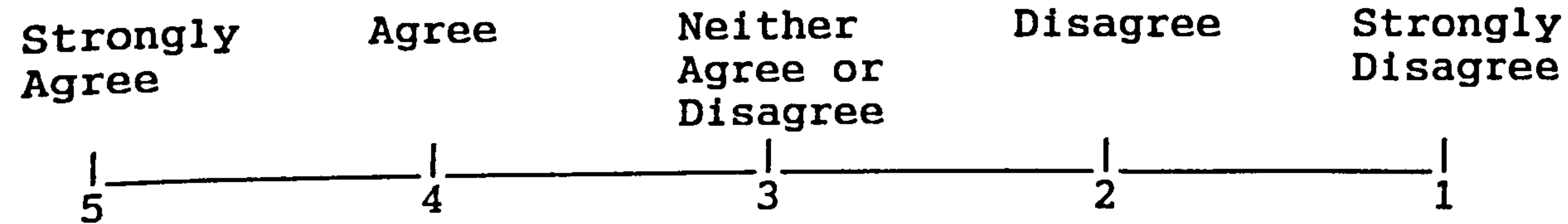
31. Excellent service companies provide good value for the service offered.



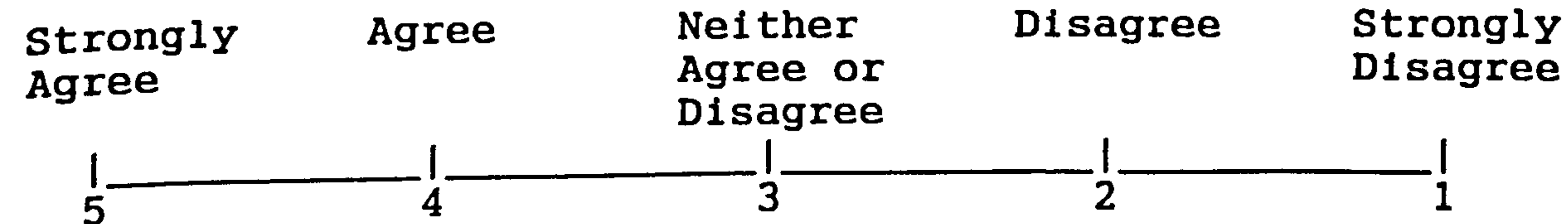
32. Excellent service companies' price is competitive to the value offered.



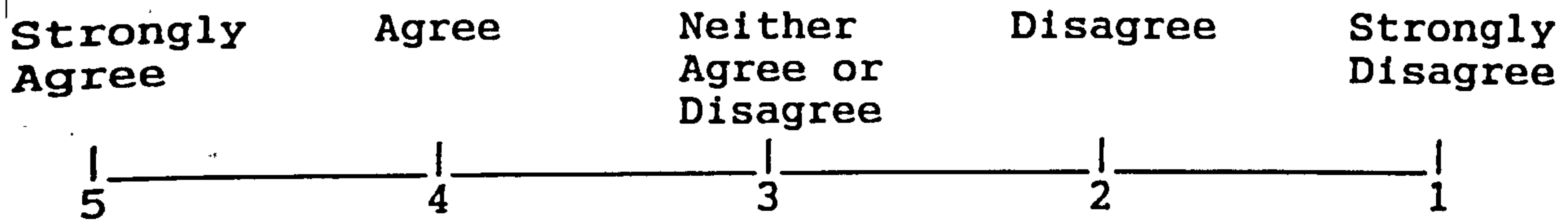
33. Employees of excellent service companies provide details of contract to perspective customers.



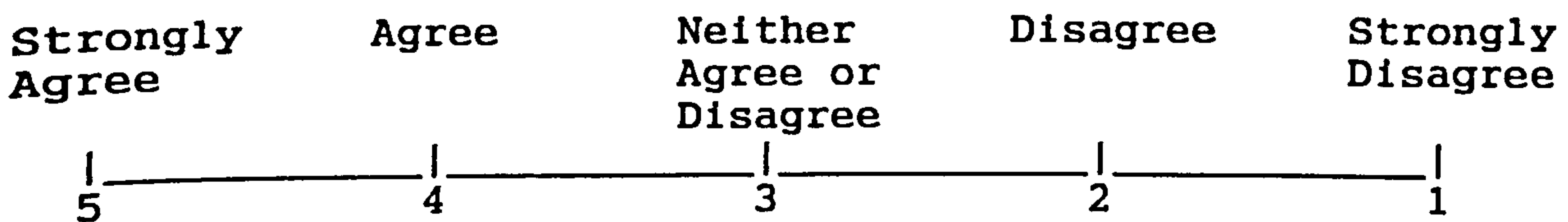
34. Excellent service companies provide consistent service.



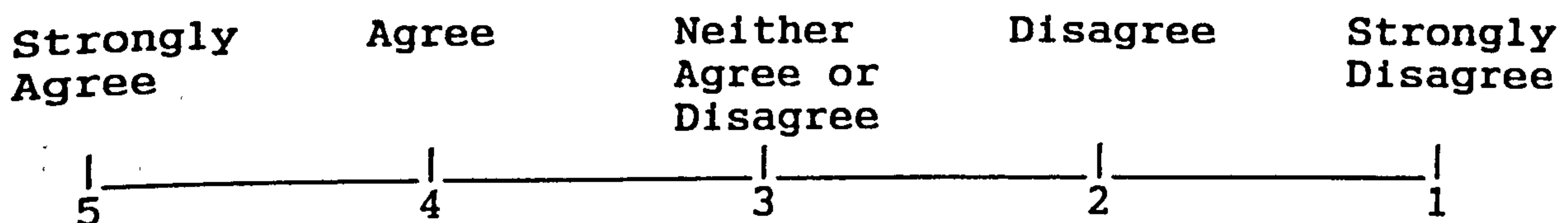
35. Services of excellent service companies minimise delays.



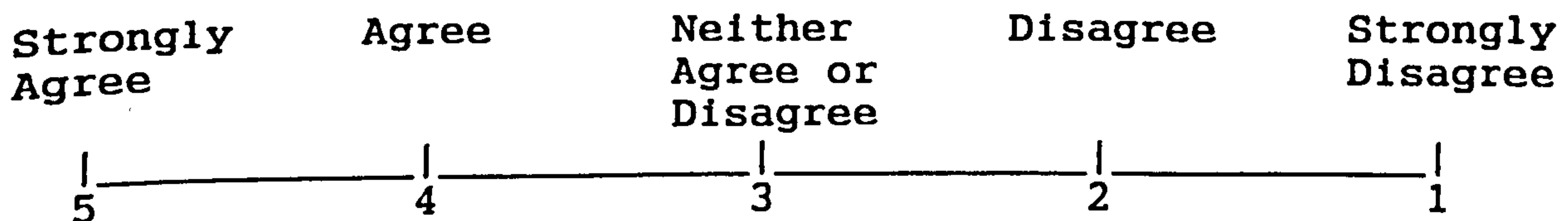
36. There are minimum rescheduling of services in excellent service companies.



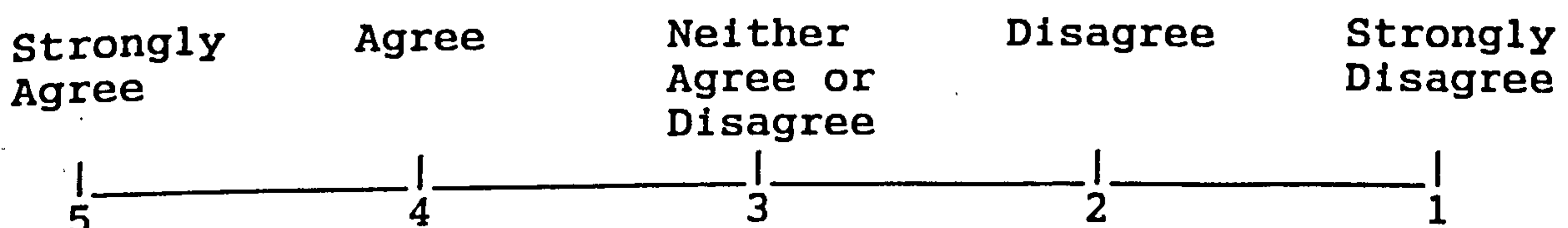
37. In an excellent service company there is minimum physical lossess.



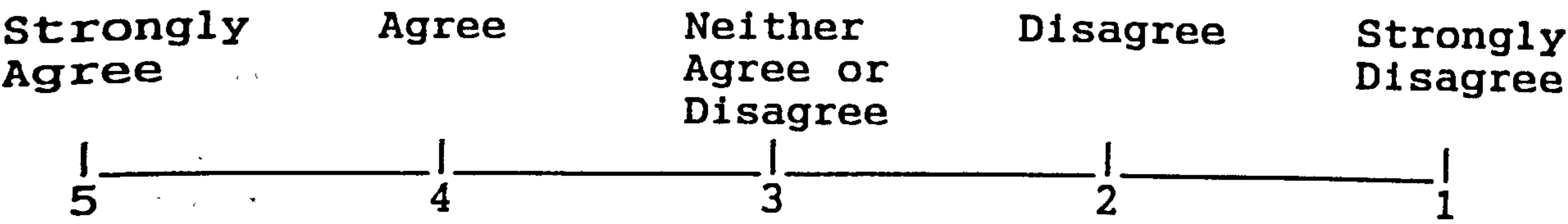
38. There is an effective claim handling in excellent service companies.



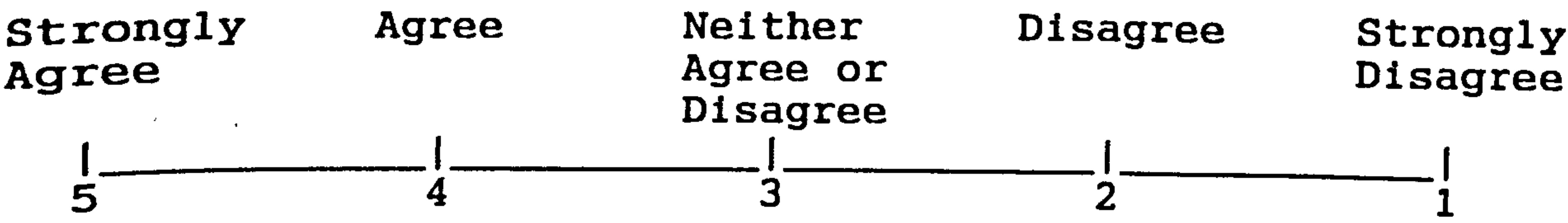
39. Customer complaints are kept to the minimum in excellent service firms.



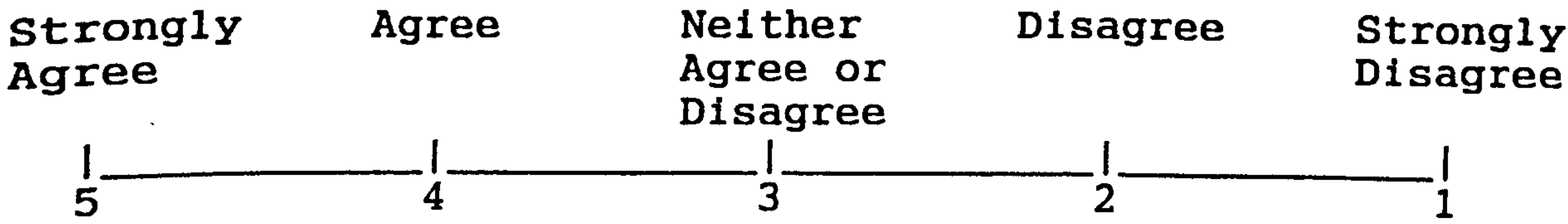
40. There is immediate action by employees of excellent service firms to customer complaints.



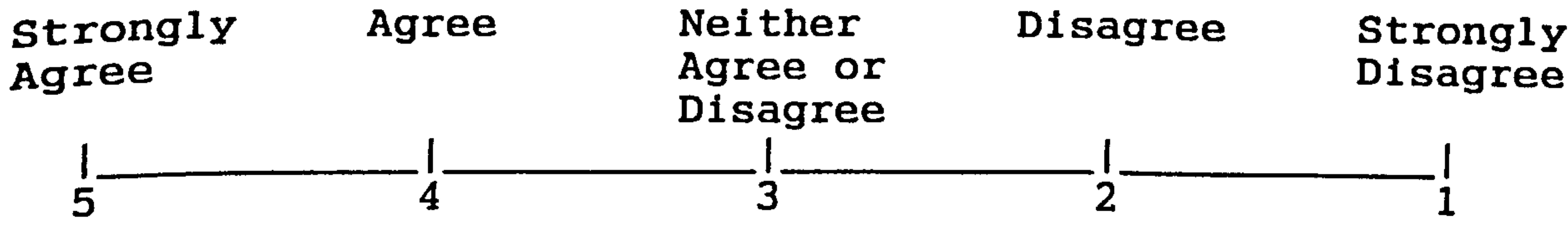
41. Excellent service firms provide compensation for physical losses without delay.



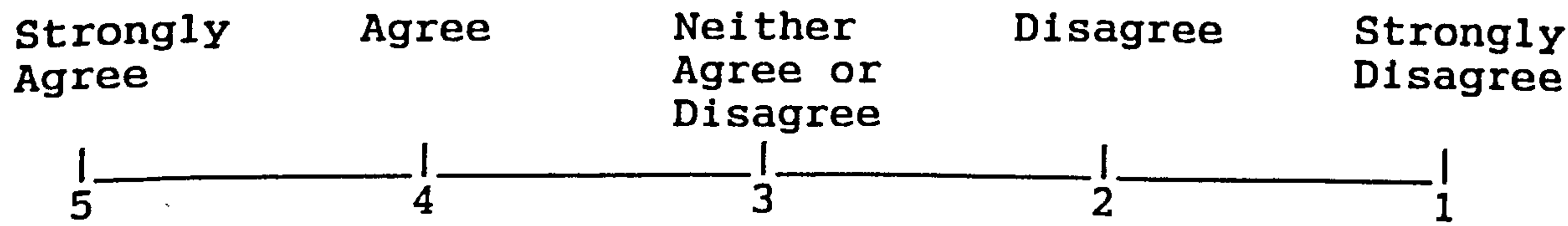
42. Losses accounted for by customers will always be compensated by good service companies.



43. Upon completion of the transaction, an excellent service firms keeps in touch with its customers.



44. Excellent service companies ask for customers feedback upon completion of service.



Part II

Listed below are variables pertaining to customer service delivery. I would like to know how important each of these variables to you as a customer. Distribute a total of 100 points among these variables. The more important a variable the more points you should allocate. Total points for questions 1 - 9 should come to a 100.

- 1. Awareness of customer service policy by the employees. points
- 2. * Organizational factors. points
- 3. Promotion and advertisements. points
- 4. Understanding of the customer by the company staff. points
- 5. Interpersonal skills of employees. points
- 6. Tangibles and physical surroundings. points
- 7. Effectiveness of communication with the customer. points
- 8. Value for money experienced by the customer. points
- 9. Effectiveness of logistics. points
- 10. Effectiveness of after sales service. points

Total _____ /100

- * Organizational factors include :
 - a. Credibility involves trustworthiness, believability, honesty. It involves having the customer's best interests at heart. Contributing to credibility are : company name, company reputation and personal characteristics of contact person.
 - b. Access involves approachability and ease of contact.
 - c. Security is freedom from danger, risk, or doubts.

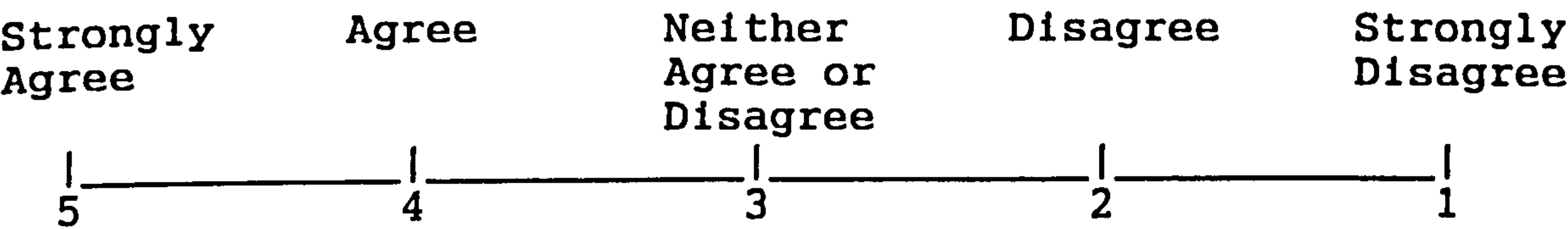
Those Respondents who have been on pilgrimage to Mecca, please proceed to Section G .For all other respondents this completes the survey and we would like to thank you for your help and co-operation in this research.

SECTION G : Measurement of Perception.

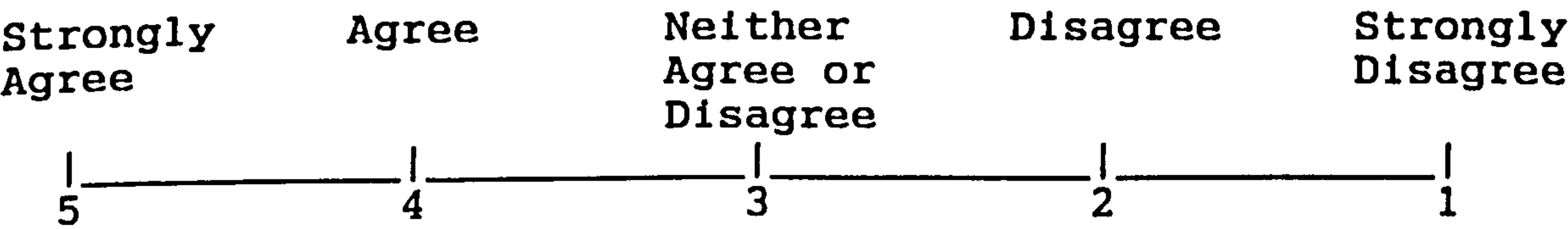
The following are sets of statements which reflect feelings about Lembaga Urusan Dan Tabung Haji (Luth). Based on your experience using the organization you chose, for each of these statements, please show the extend to which you believe the organization has the feature described by the statement. Using the following scale as a guide, please circle the appropriate number that best reflects your opinion. Respondents who have been to Mecca more than once should complete this section in respect of their MOST RECENT visit only.

- 5 = Strongly Agree
- 4 = Agree
- 3 = Neither Agree Nor Disagree
- 2 = Disagree
- 1 = Strongly Disagree

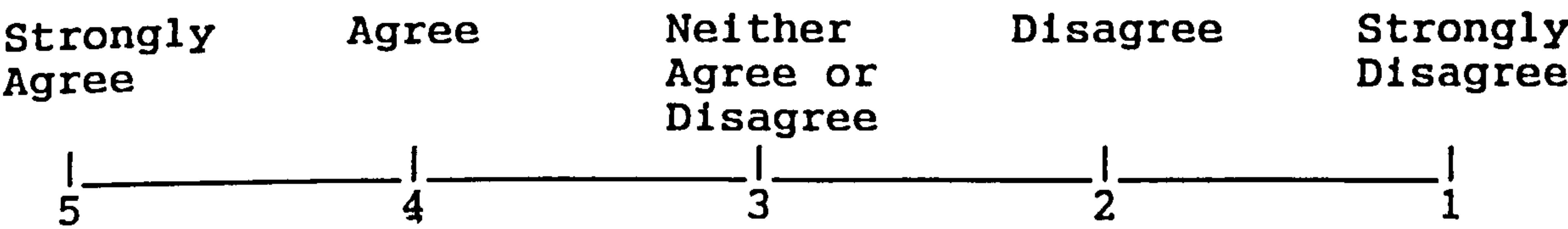
1. Employees of the pilgrimage agency were able to answer customers' quiries without hesitation.



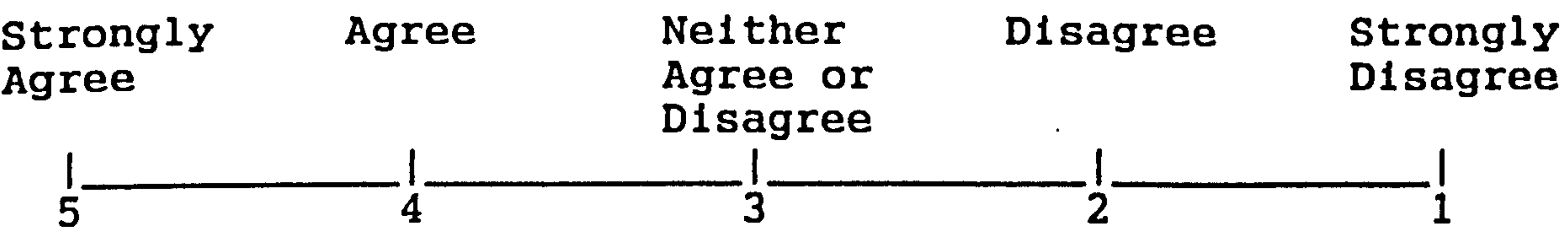
2. At the pilgrimage agency, the employees at all levels were able to attend to customer complaints without having to refer to a higher authority.



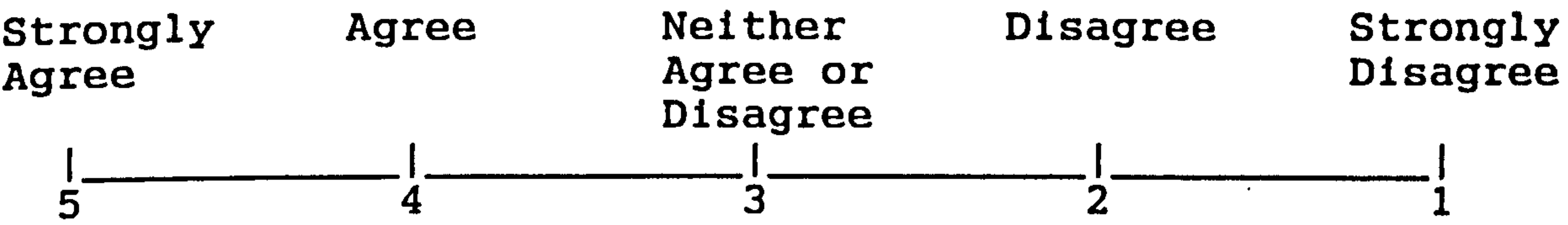
3. Business transaction at the pilgrimage agency was not time consuming.



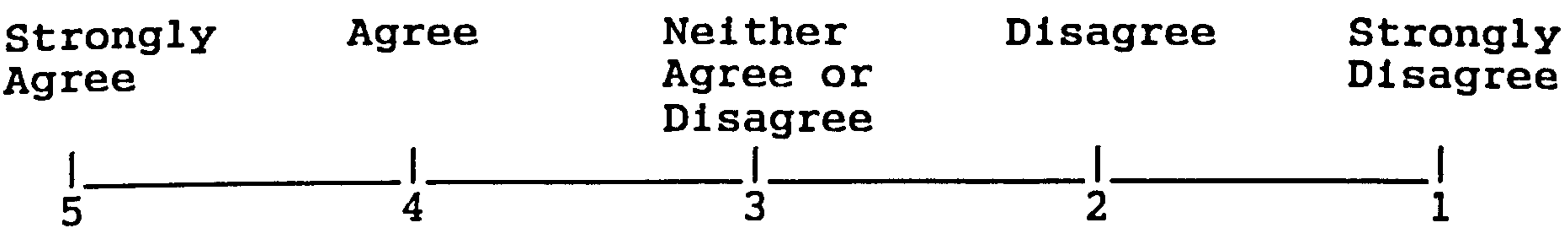
4. Information flow at the pilgrimage agency was efficient.



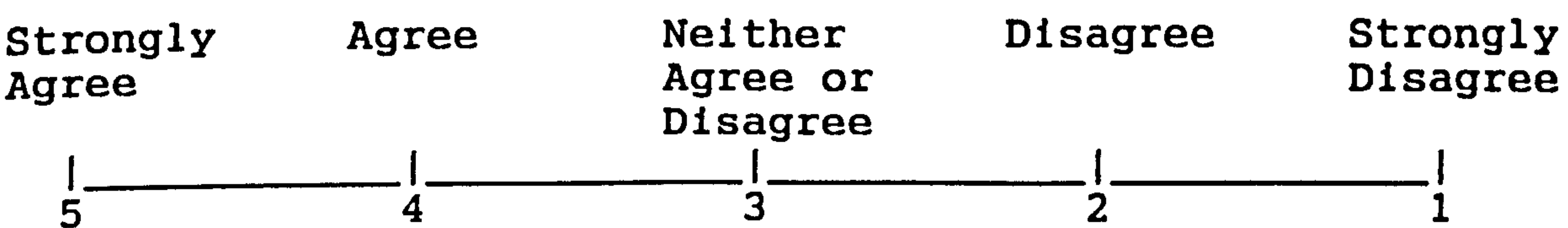
5. The pilgrimage agency had modern-looking equipment.



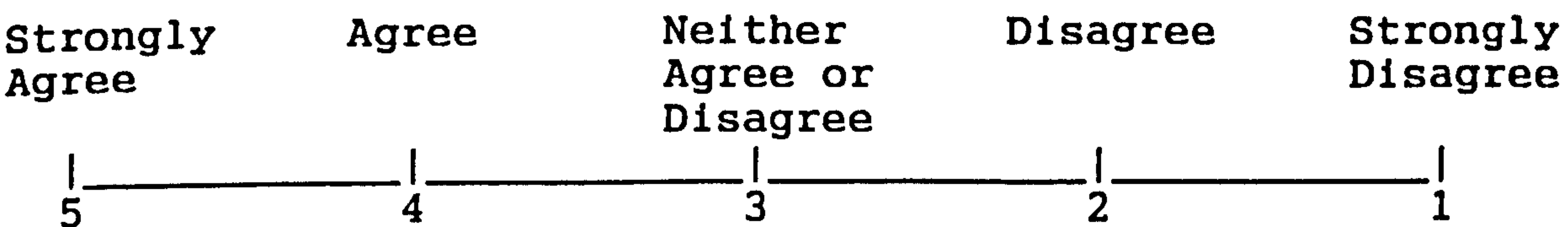
6. The pilgrimage agency has physical facilities which were visually appealing.



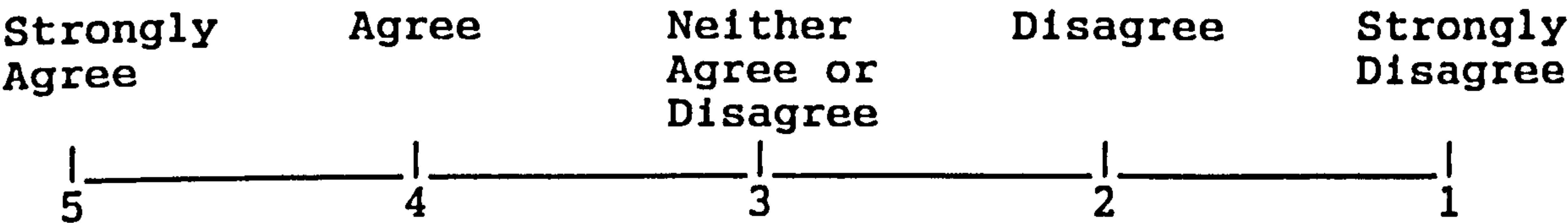
7. Employees of the pilgrimage agency were neat.



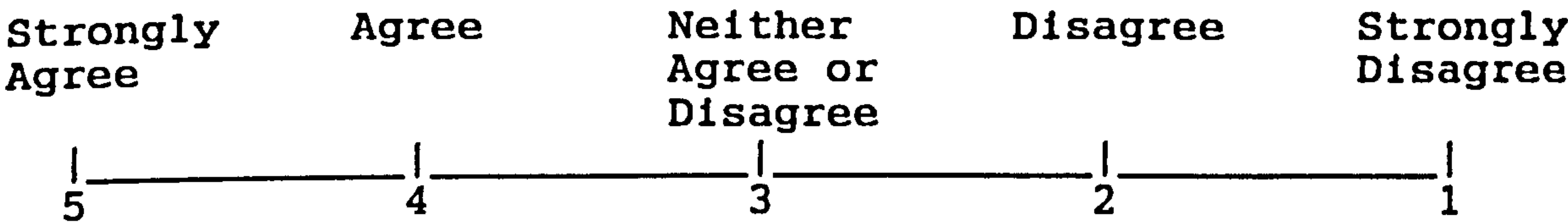
8. Materials associated with the service were appealing.



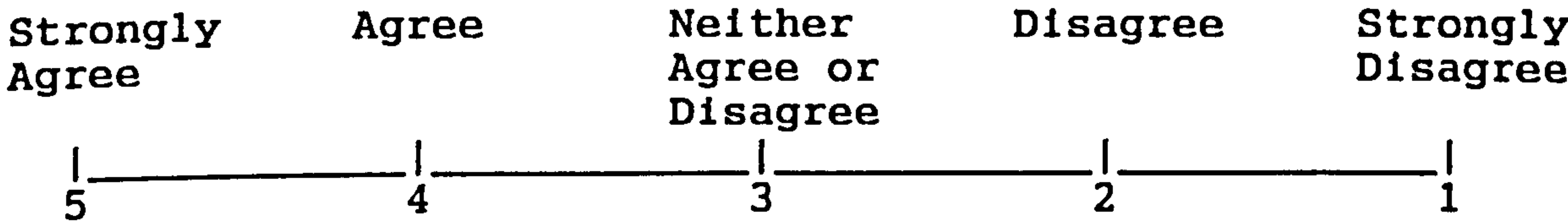
9. When the pilgrimage agency promised to do something by a certain time, it did so.



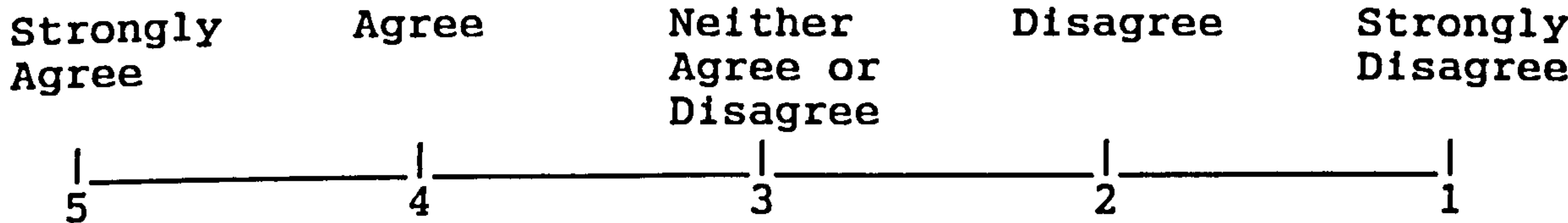
10. When a customer had a problem, the pilgrimage agency shows a sincere interest in solving it.



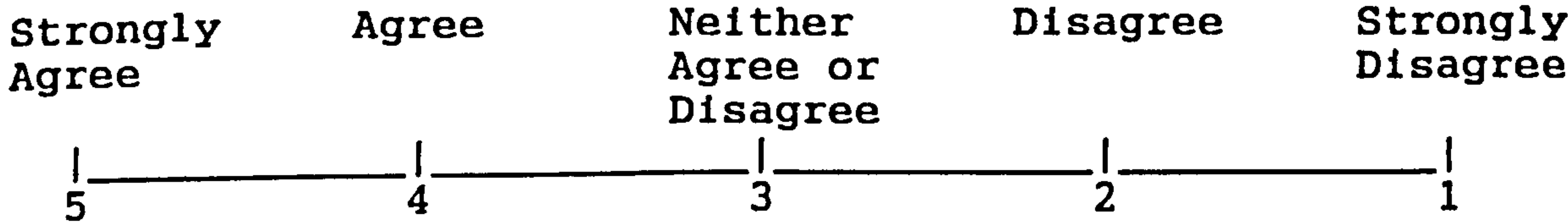
11. The pilgrimage agency performed the service right the first time.



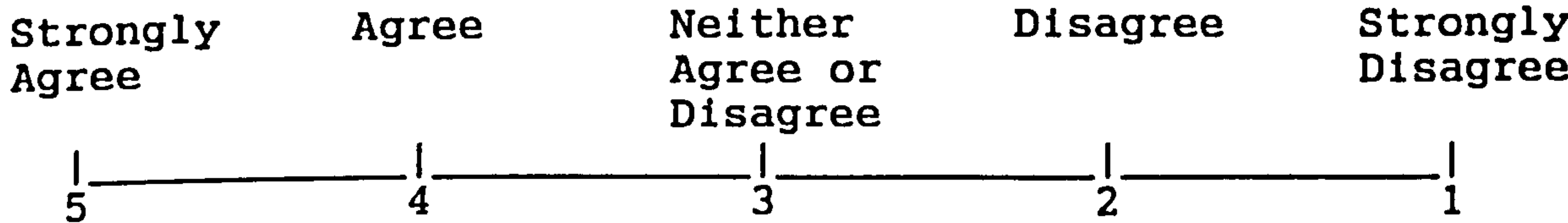
12. The pilgrimage agency insisted on error-free records.



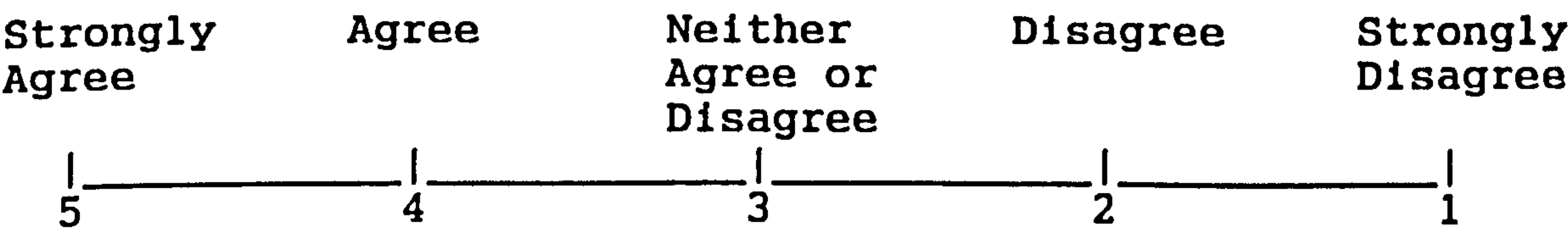
13. Employees at the pilgrimage agency told exactly when services would be performed.



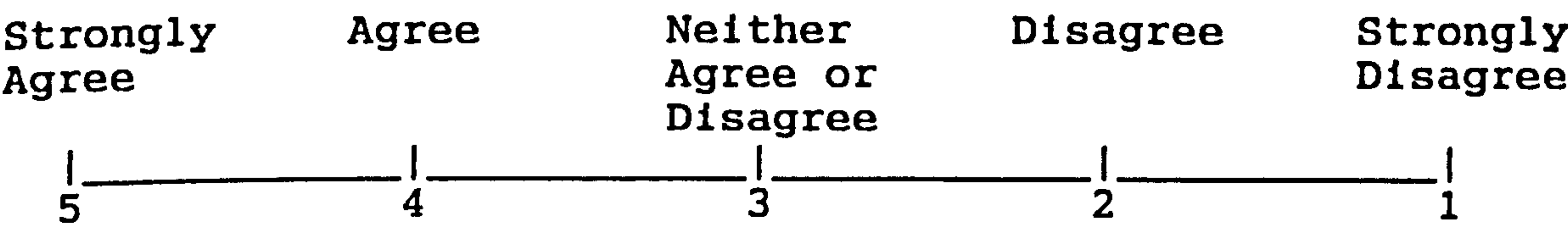
14. Employees at the pilgrimage agency gave prompt service.



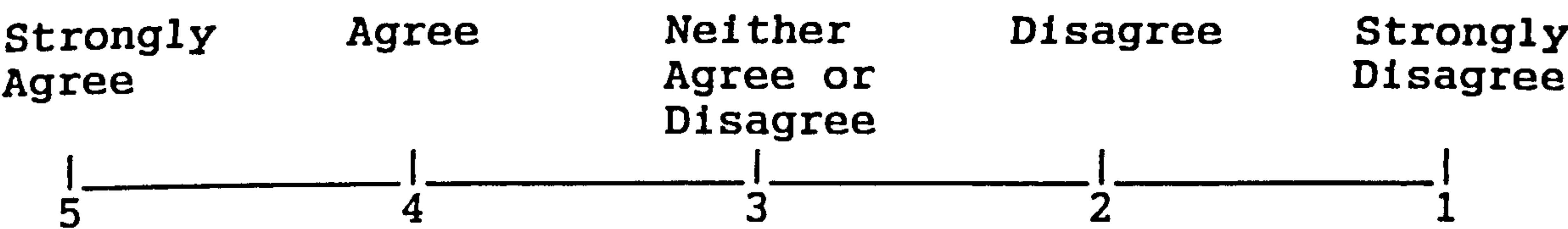
15. Employees at the pilgrimage agency were always willing to help.



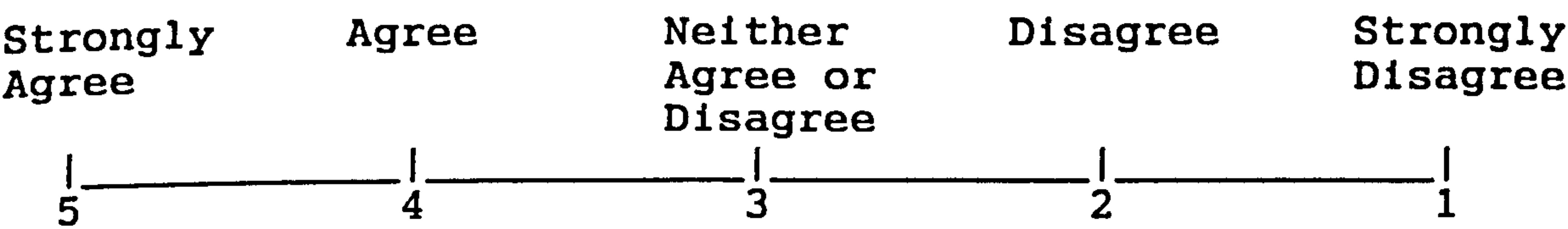
16. Employees at the pilgrimage agency were never too busy to respond to your requests.



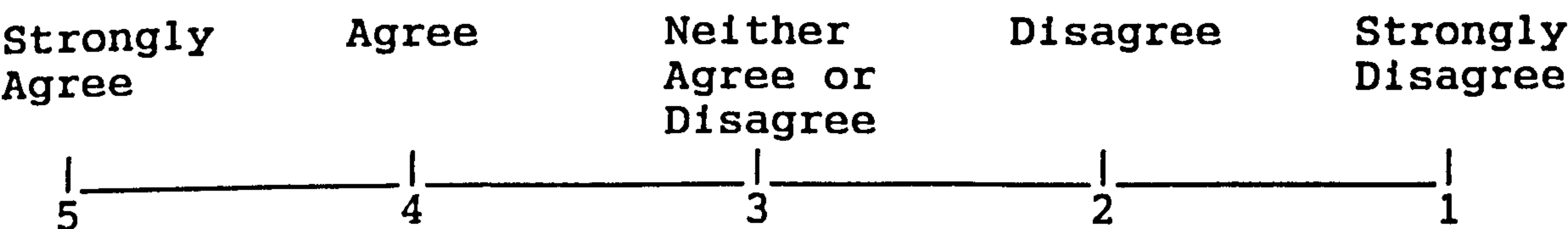
17. The behavior of employees at the pilgrimage agency instilled confidence in you.



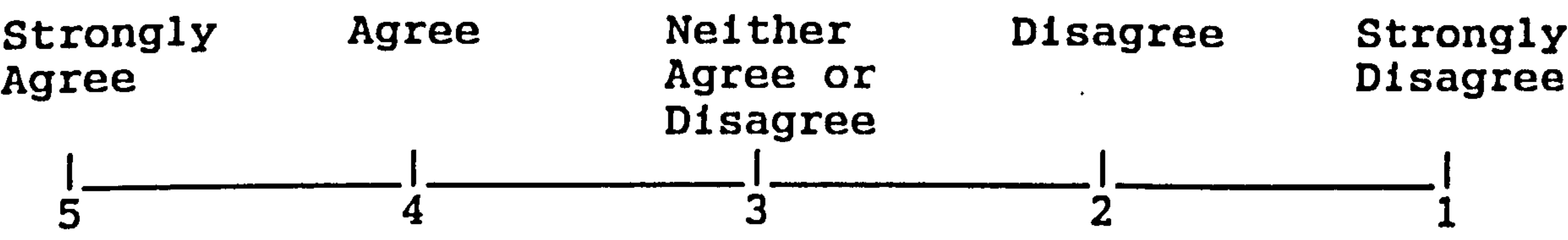
18. You felt safe in your transaction with the pilgrimage agency.



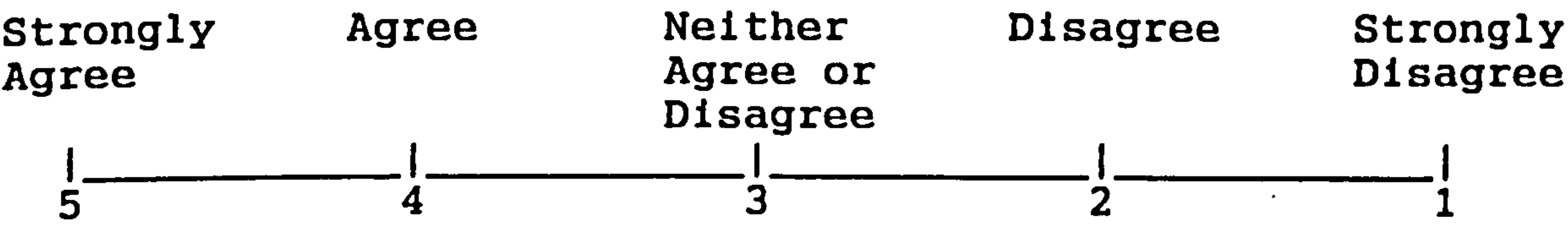
19. Employees at the pilgrimage agency were consistency courteous with you.



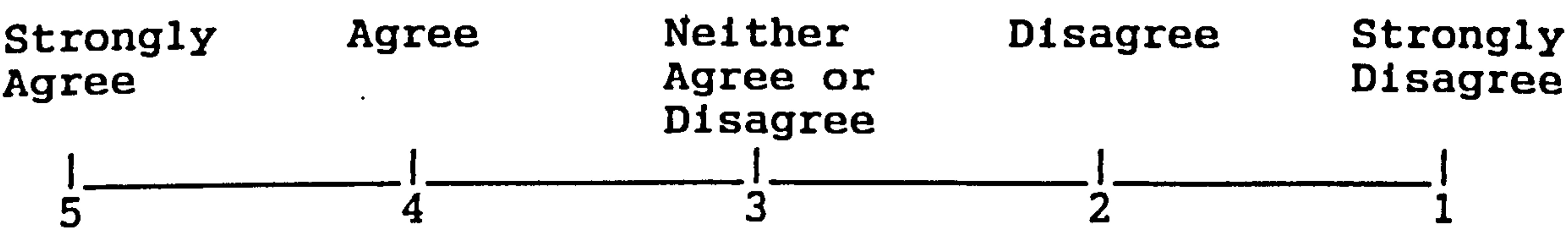
20. Employees at the pilgrimage agency had the knowledge to answer your questions.



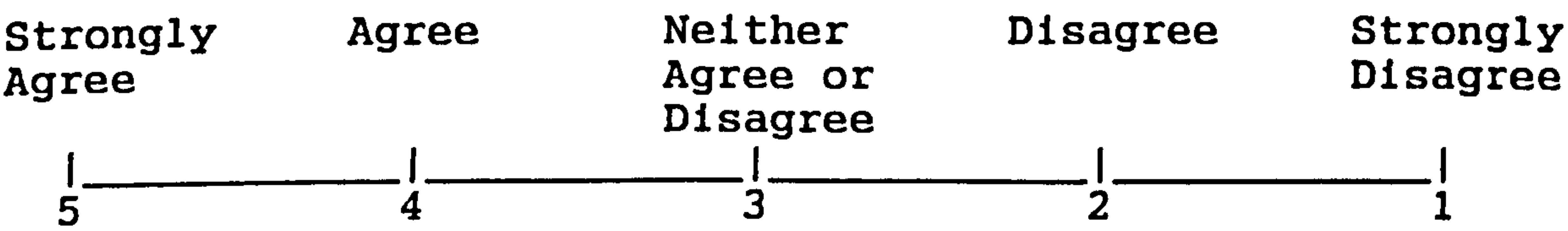
21. The pilgrimage agency gave you individual attention.



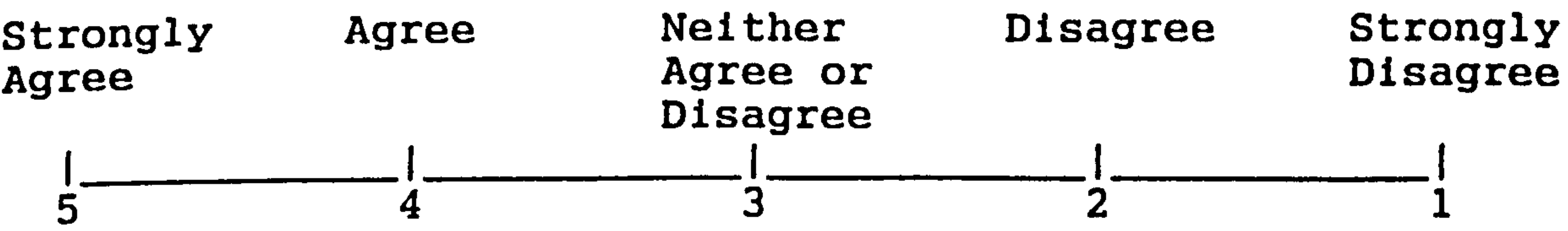
22. The pilgrimage agency had operating hours convenient to its customers.



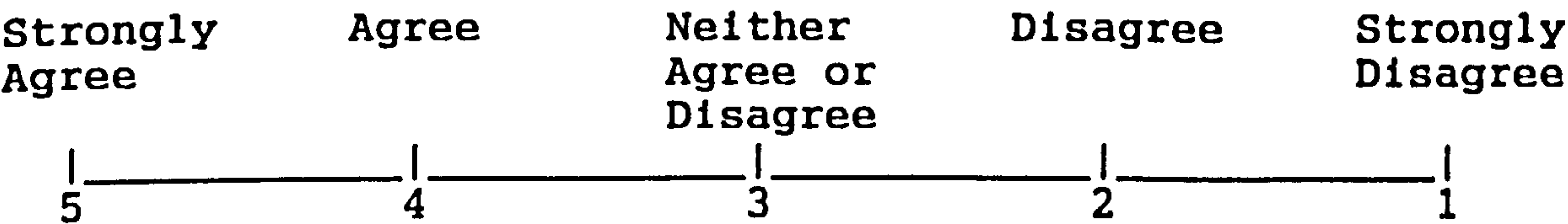
23. The pilgrimage agency's employees gave you personal attention.



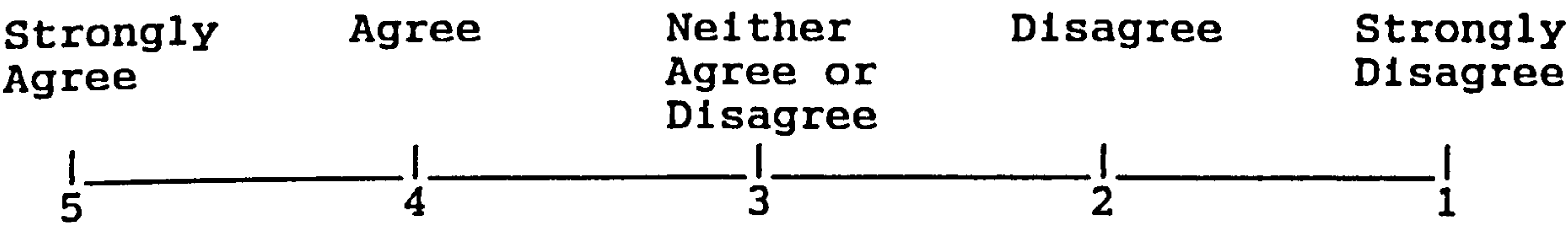
24. The pilgrimage agency had your best interest at heart.



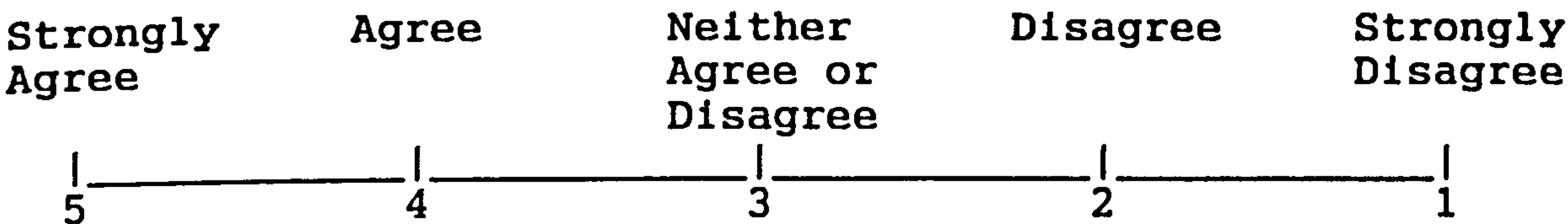
25. Employees of the pilgrimage agency understood your specific needs.



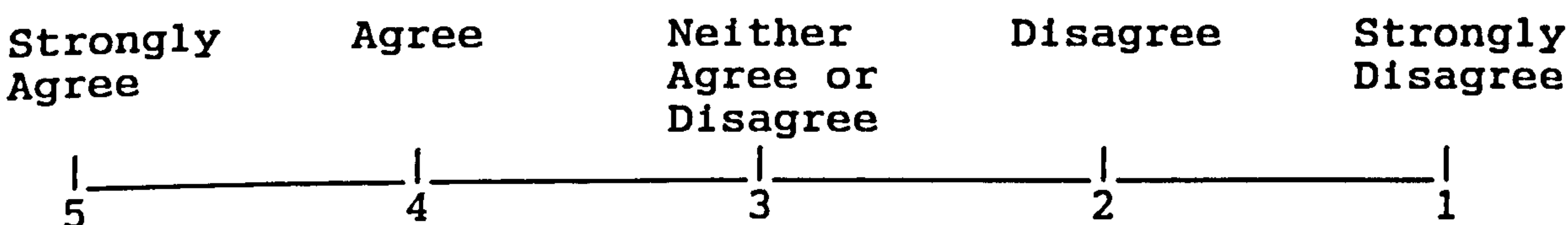
26. The pilgrimage agency provided messages that were easy to comprehend.



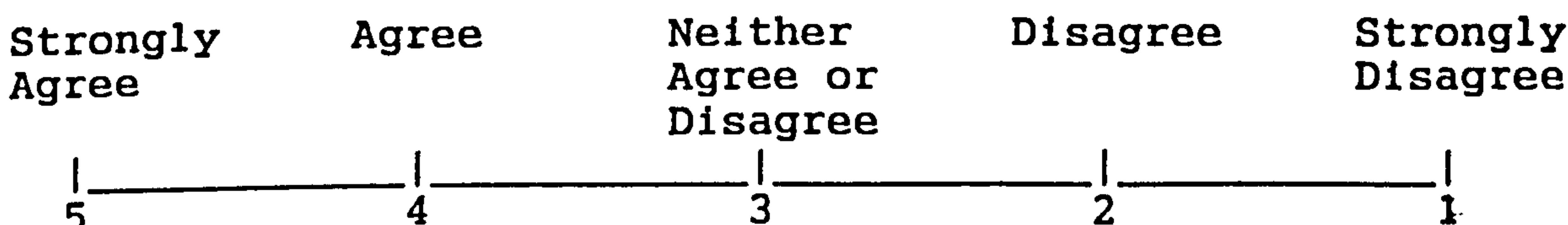
27. Product offers were clearly made known at the pilgrimage agency.



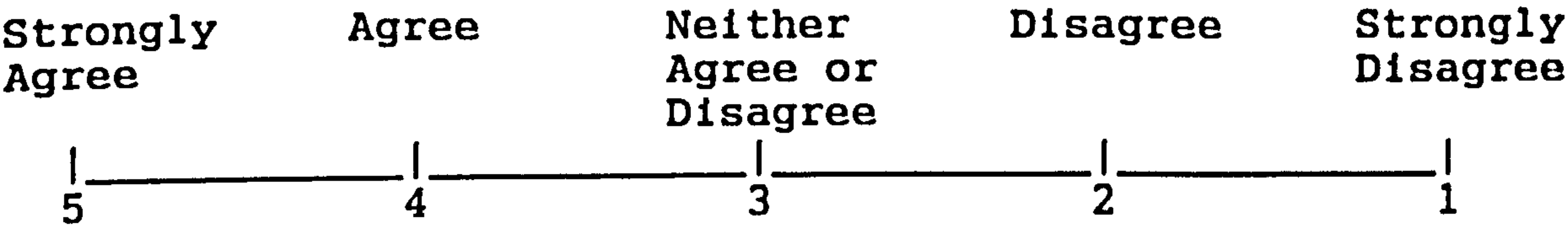
28. Pilgrimage agency's advertisement and commercials made decision making easier.



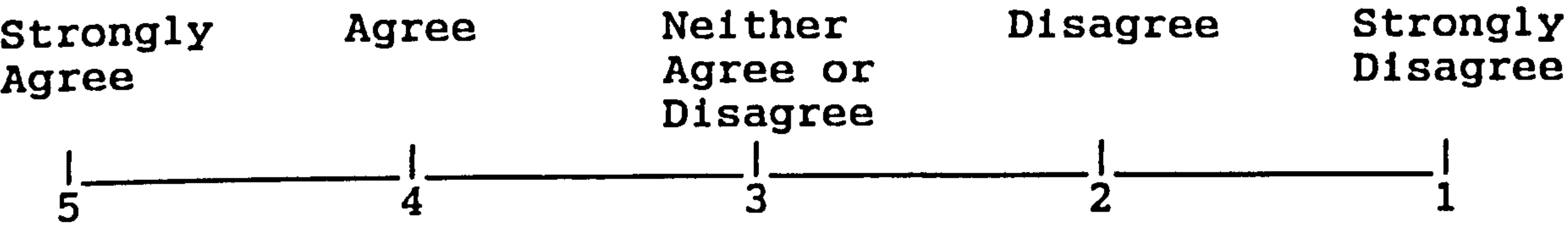
29. Employees of the pilgrimage agency helped to put the promotional message into perspective.



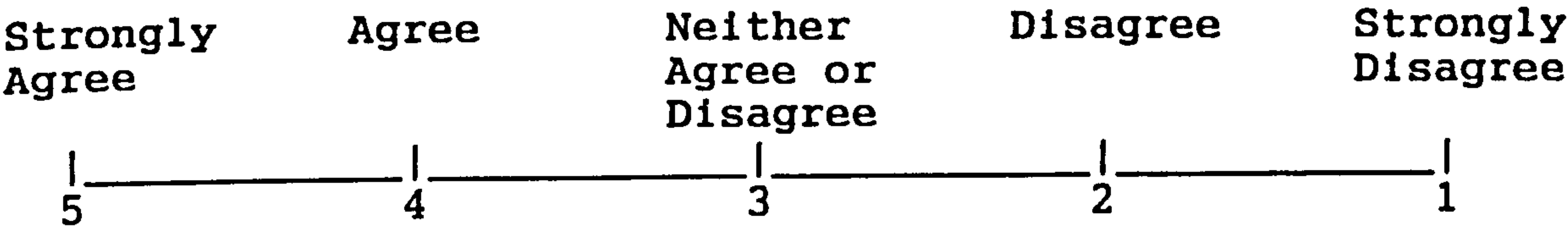
30. At the pilgrimage agency there were avenues for enquiries.



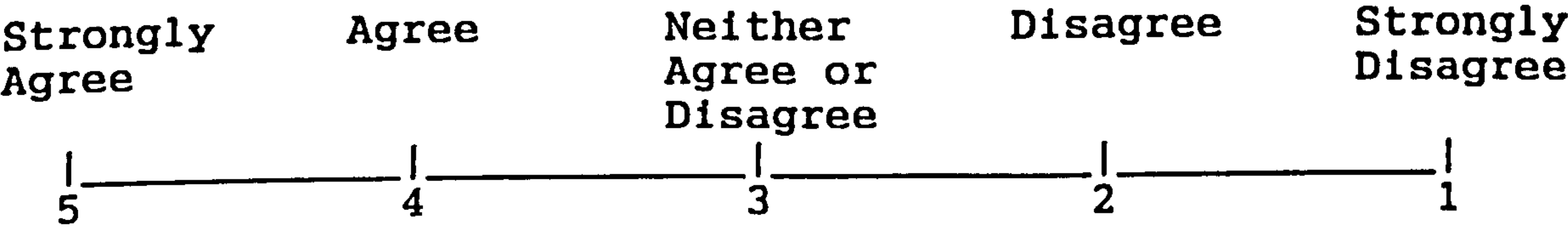
31. They provided value for money at the pilgrimage agency.



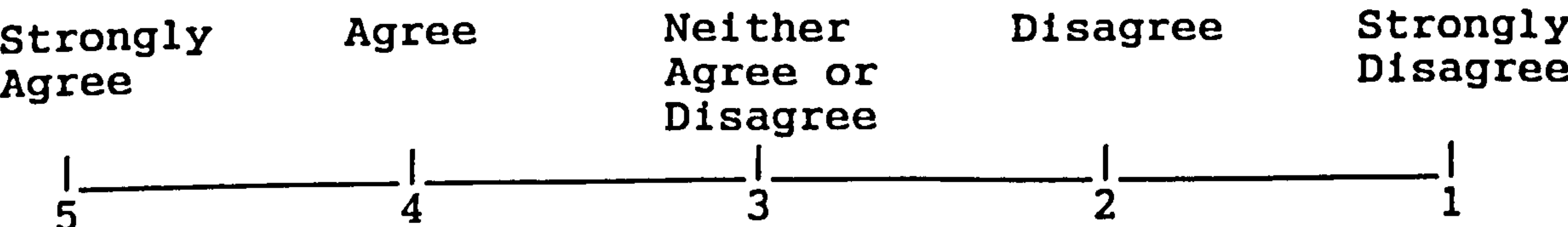
32. Comparatively, price at the pilgrimage agency was competitive.



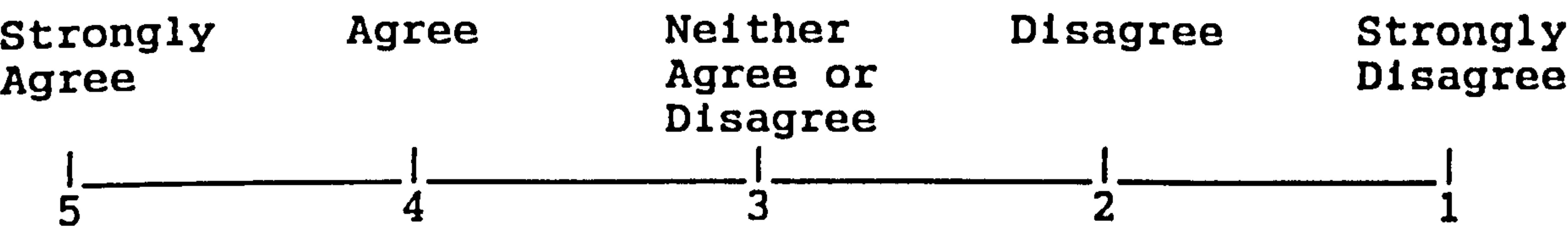
33. A contract covering in detail the services to be provided was given given to the perspective customers at the pilgrimage agency.



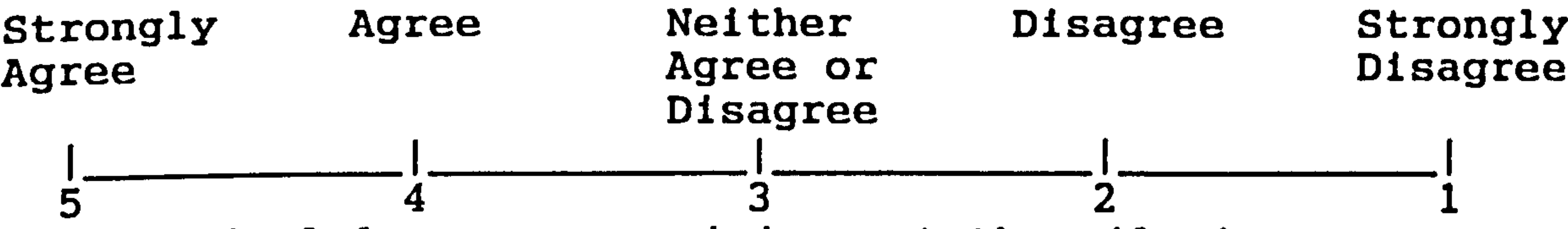
34. The pilgrimage agency provided consistent services.



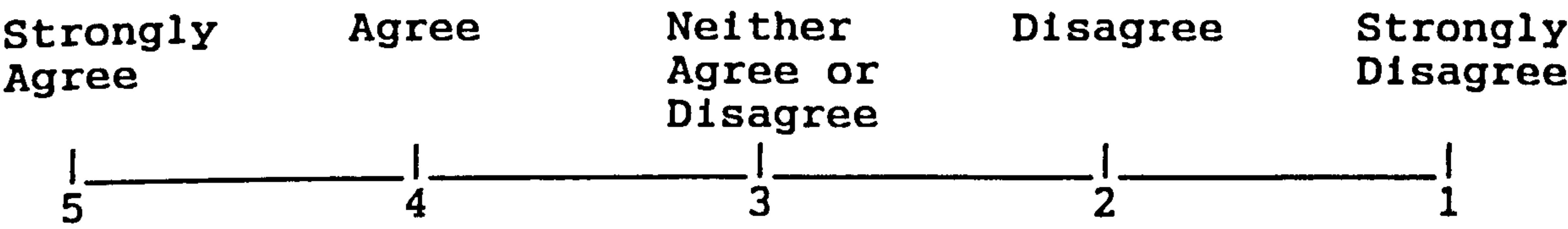
35. There was minimum delay at the pilgrimage agency.



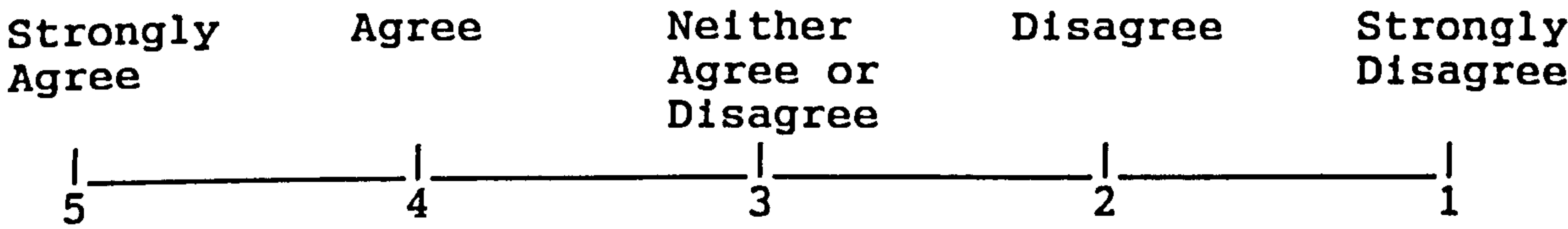
36. There was minimum rescheduling of services at the pilgrimage agency.



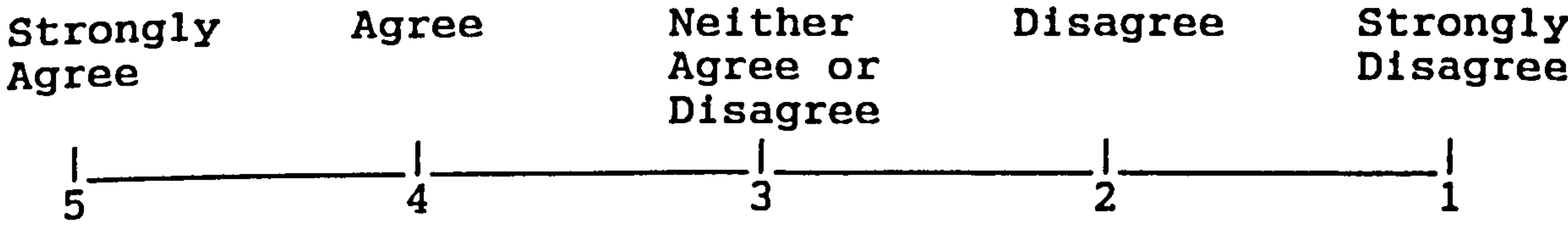
37. Physical losses were minimum at the pilgrimage agency.



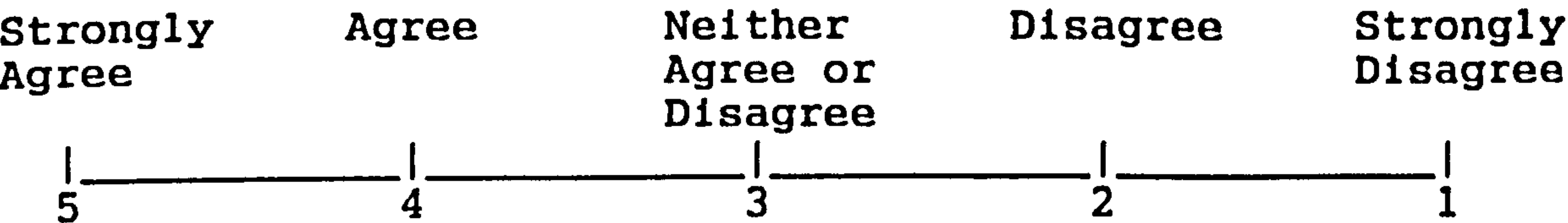
38. Claim handling was efficient at the pilgrimage agency.



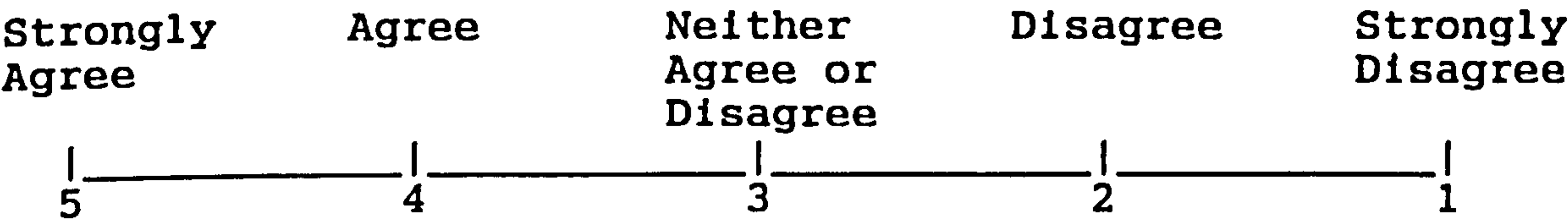
39. There were very few complaints from the customer at the pilgrimage agency.



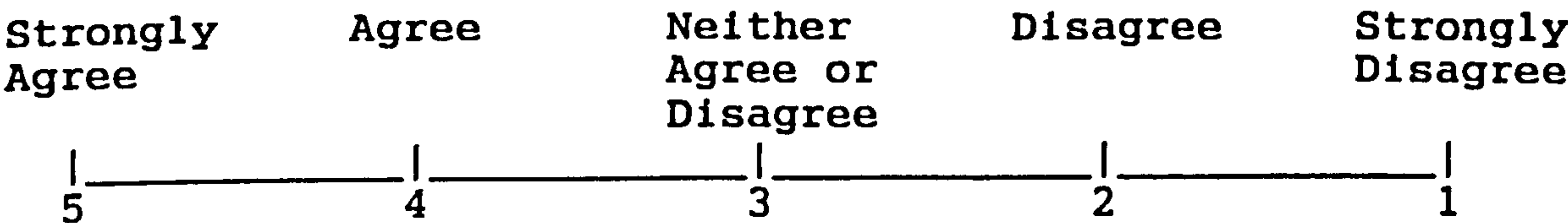
40. Action to customer complaints was immediate at the pilgrimage agency.



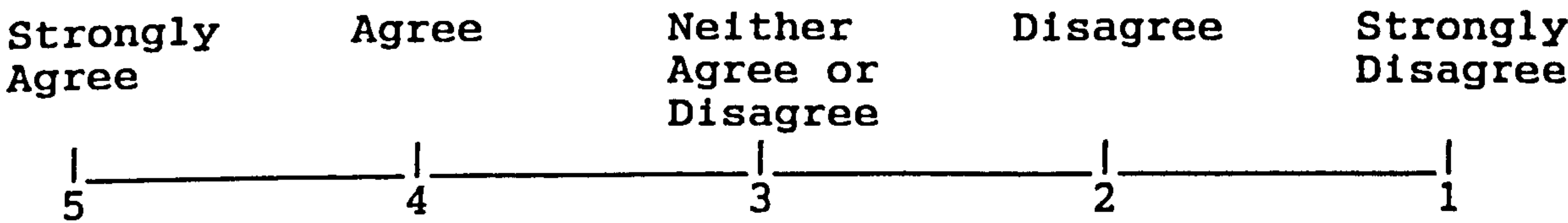
41. Losses were compensated without delay at the pilgrimage agency.



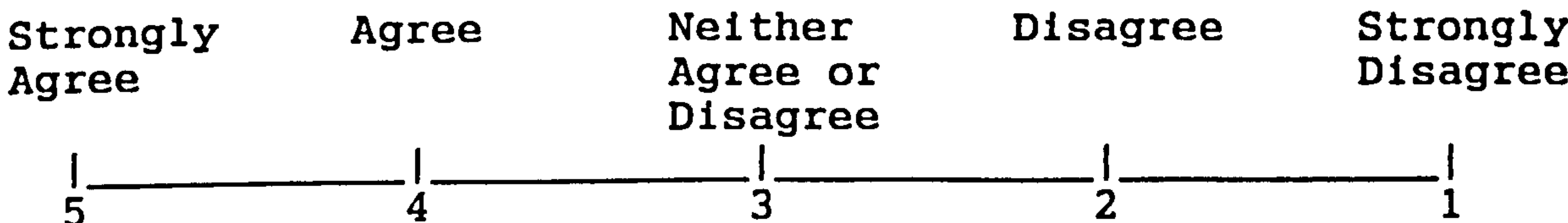
42. Compensation for losses was always made by the pilgrimage agency.



43. The pilgrimage agency kept track of its customers upon completion of its transaction.



44. Consumer feedback was vital at the pilgrimage agency.



SECTION H : EVALUATION

As a customer of pilgrimage agency please evaluate the standard of customer service at this firm. Please circle your responses based on the following grades :

1 = low 2 = average 3 = high

1. Awareness of customer service policy by employees.

2. * Organizational Factors :

(a) Credibility - company name, company reputation and personal characteristics of contact person

A horizontal line with three points marked 1, 2, and 3. Above the line, "Low" is above 1, "Average" is above 2, and "High" is above 3.

(b) Security -involves freedom from danger,risk or doubts

A horizontal number line with three tick marks labeled 1, 2, and 3. Above the line, the word "Low" is positioned above the tick mark 1, "Average" is positioned above the tick mark 2, and "High" is positioned above the tick mark 3.

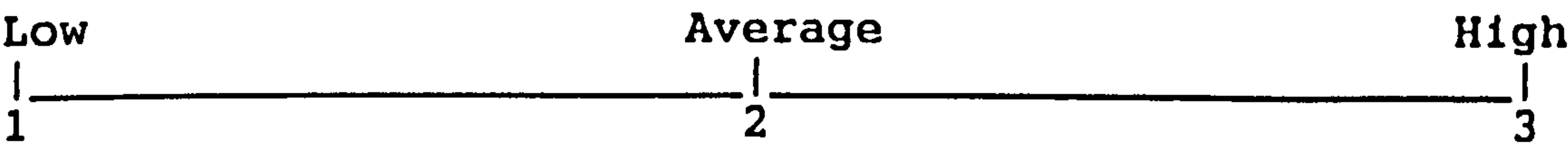
(c) Access - involves approachability and ease of contact

A horizontal number line with three points labeled 1, 2, and 3. Above the line, the word "Low" is above point 1, "Average" is above point 2, and "High" is above point 3.

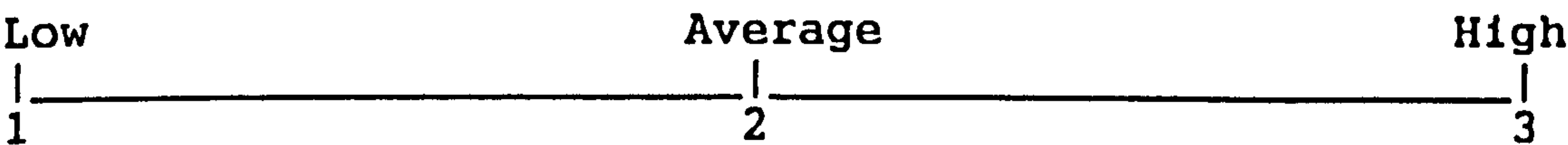
3. The effectiveness of promotion and advertisements.

A horizontal number line with three points labeled 1, 2, and 3. Above the line, the word "Low" is above point 1, "Average" is above point 2, and "High" is above point 3.

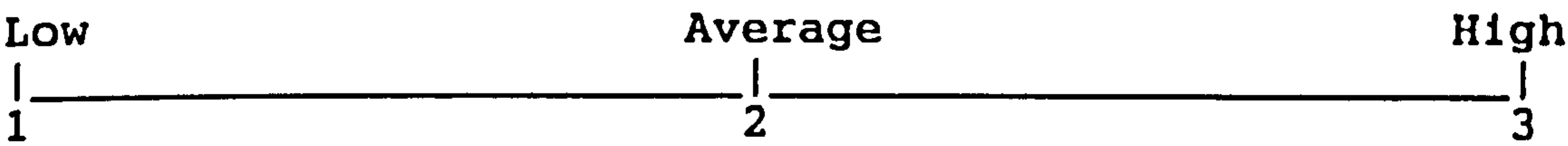
4. Understanding of the customer by company staff.



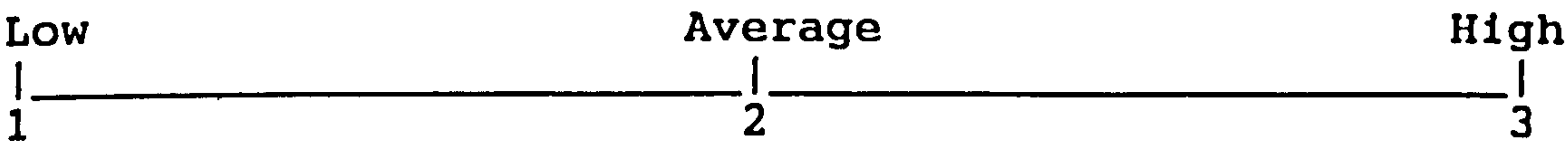
5. Effectiveness of employees' interpersonal skills.



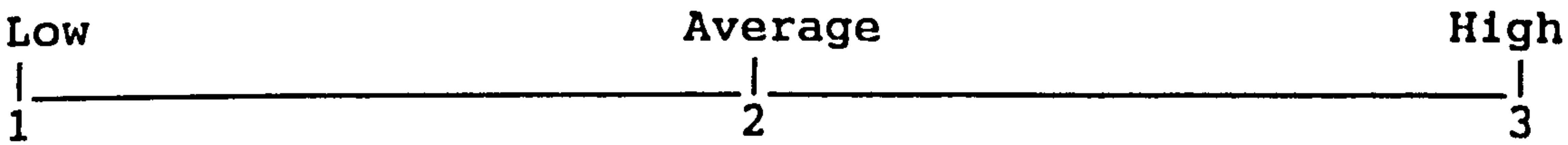
6. Quality of tangibles and physical surroundings.



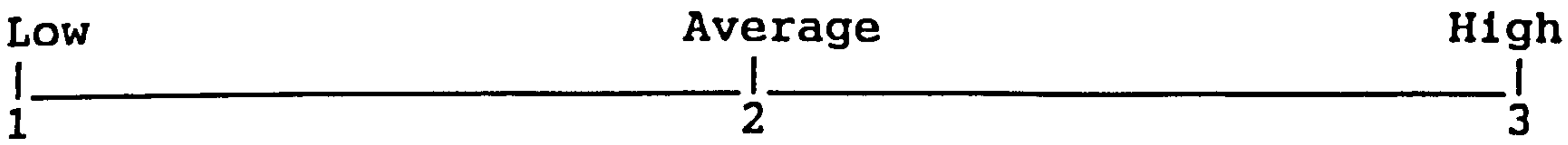
7. Effectiveness of communication with the customer.



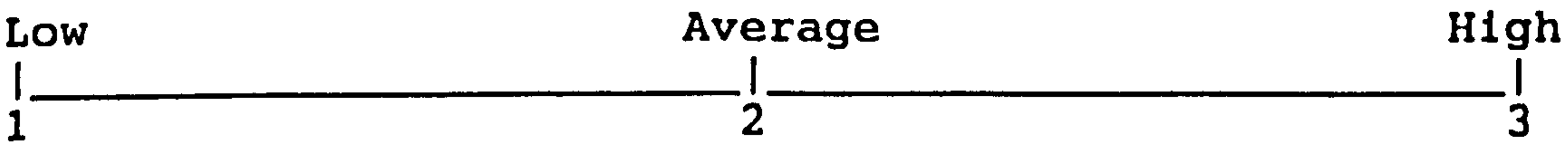
8. Value for money experienced by the customer.



9. Effectiveness of logistics (transportation, accomodation, medical care and training).



10. Effectiveness of post-delivery service.



Additional Comments On The Aspects Of Customer Service:

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

That completes the survey and would like to thank you for your help and co-operation in this research.

Ishak Bin Ismail
P.P Pengurusan
USM, Pulau Pinang

APPENDIX 3.5 : COMPUTATION OF CUSTOMERS' EXPECTATION
Dimensions and Statments Pertaining To The Dimensions :

1. Awareness of the customer service policy by the employees.

- F1, F2, F3 & F4.

2. Organizational factors (credibility, security & access)

- F9, F10, F11, F12, F13, F14 & F18.

3. Effectiveness of promotion and advertisement

- F 26, F27 & F28

4. Understanding of the customer by the company staff

- F15, F16, F22, F23, F24 & F25.

5. The effectiveness of interpersonal skills

- F17, F19, F20 & F21

6. Quality of tangibles and physical surroundings

- F5, F6, F7 & F8

7. Effectiveness of communication with customers

- F29, F30 & F33

8. Value for money experienced by the customer

- F31 & F32

9. Effectiveness of logistics

- F34, F35, F36, F37, F38 and F39

10. Effectiveness of after-sales service

- F40, F41, F42, F43 & F44

APPENDIX 3.6: COMPUTATION OF CUSTOMERS' PERCEPTIONS
Dimensions and Statements Pertaining To The Dimensions:

1. Awareness of the customer service policy by the employees.

- G1, G2, G3 & G4.

2. Organizational factors (credibility, security & access)

- G9, G10, G11, G12, G13, G14 & G18.

3. Effectiveness of promotion and advertisement

- G 26, G27 & G28

4. Understanding of the customer by the company staff

- G15, G16, G22, G23, G24 & G25.

5. The effectiveness of interpersonal skills

- G17, G19, G20 & G21

6. Quality of tangibles and physical surroundings

- G5, G6, G7 & G8

7. Effectiveness of communication with customers

- G29, G30 & G33

8. Value for money experienced by the customer

- G31 & G32

9. Effectiveness of logistics

- G34, G35, G36, G37, G38 and G39

10. Effectiveness of after-sales service

- G40, G41, G42, G43 & G44

APPENDIX 3.7: COMPUTATION OF EMPLOYEE'S PERCEPTION
Dimensions and Statments Pertaining To The Dimensions :

1. Awareness of the customer service policy by the employees.

- E1, E2, E3 & E4.

2. Organizational factors (credibility, security & access)

- E9, E10, E11, E12, E13, E14 & E18.

3. Effectiveness of promotion and advertisement

- E26, E27 & E28

4. Understanding of the customer by the company staff

- E15, E16, E22, E23, E24 & E25.

5. The effectiveness of interpersonal skills

- E17, E19, E20 & E21

6. Quality of tangibles and physical surroundings

- E5, E6, E7 & E8

7. Effectiveness of communication with customers

- E29, E30 & E33

8. Value for money experienced by the customer

- E31 & E32

9. Effectiveness of logistics

- E34, E35, E36, E37, E38 and E39

10. Effectiveness of after-sales service

- E40, E41, E42, E43 & E44

APPENDIX 3.8: INTERVIEW NOTES WITH GENERAL MANAGER OF LUTH :

STRUCTURED INTERVIEW / IN-DEPTH INTERVIEW CHIEF-EXECUTIVE OFFICER LUTH

1. ORGANIZATIONAL

1.1 When was LUTH formed?

Tabung Haji was formed in 1969 when the Pilgrims Savings Corporation (incorporated in 1963) was merged with the Pilgrims Affairs Office (which began operation in 1951) under the Laws of Malaysia Act 8, The Pilgrims Management and Fund Board 1969.

1.2 What are its objectives and mission statement?

Its objectives are:-

1.2.1 to render the best and most satisfactory services to Malaysian pilgrims in matters pertaining to performance of the haj

1.2.2 to give maximum investment returns to depositors on their savings

It's mission statement is as follows (in Bahasa Melayu)

“Lembaga Urusan dan Tabung Haji sebagai sebuah organisasi Islam yang dinamik dan prihatin dalam pengurusan dan pengendalian haji dan umrah yang sempurna serta berhemat dalam pengemblengan segala sumber untuk pengukuhan ekonomi ummah, beriltizam melaksanakan dan mencapai wawasan ini dengan:-

- * Memberikan perkhidmatan yang cekap dan cemerlang kepada pelanggan.
- * Mengamalkan semangat berpasukan yang beramanah, profesional, produktif dan berhemah tinggi
- * Beritikad memberikan pulangan yang tinggi dan setanding dengan pasaran.
- * Menggunakan teknologi dan sistem terkini untuk pengurusan dan perkhidmatan yang berkualiti

1.3 Do you see LUTH as a business or social organization?

Tabung Haji is both a business and social organisation because it has these goals, as follows:-

- 1.3.1 to help Muslims save to provide expenses in performing the pilgrimage and other expenses beneficial to them
- 1.3.2 to provide protection, control and welfare of Muslims while on pilgrimage through various facilities and services
- 1.3.3 to enable Muslims through their savings participate in investment, in industry, commerce and plantations (according to Islamic principles)

1.4 Is Lembaga Urusan dan Tabung Haji profit oriented?

Tabung Haji is a social as well as profit oriented organization. Other than providing nonprofit oriented Hajj Services which is the core business of the organization, Tabung Haji's Investment Department functions as a profit centre. The functions of Tabung Haji are essentially based on its goals as stated below: `.

- ~~a)~~ To render the best services to Malaysian Pilgrims throughout the performance of the Hajj
- ~~b)~~ To give maximum returns on their savings (investment)

1.5 If yes, how does the profit orientation correlates with its management based on the Islamic Principles?

Islam is a complete religion which encompasses the whole spectrum of the human life. Thus it is not restricted to the common rituals of prayers, paying zakat, fasting and performing haj and other religious rituals. Islam encourages business and in fact has a complete code of ethics (muamalat) in doing business. Islam encourages giving to charity but in no way is Islam a charitable religion. Islam also believes that the majority of Allah's bounty (rizq) lies in business but provided they are done according to its tenets. In essence what Tabung Haji does and will endeavour to do therefore are all in line with the Islamic principles.

Tabung Haji participates in investment ventures through equity participation in public listed and non-public listed companies, joint venture projects and privatization projects, all strictly in keeping with the Islamic tenets. Tabung Haji also invests in properties and short-term investment instruments. Among the syariah concepts adhered by Tabung Haji in its investment practices are:

- a) Al-Musyarakah
- b) Al-Bai Bithaman Ajil
- c) Al-Mudharabah
- d) Al-Murabahah
- e) Al-Qardhul-Hassan

1.6 Number of employees in the organization and its equity?

Number of employees at the beginning of 1994 was approximately 1,550 excluding those under subsidiary companies. Tabung Haji was set up under the Act of Parliament 1969 and thus, does not have equity structure as normal company incorporated under Companies Act 1965.

1.7 What are its product portfolios?

Tabung Haji is service organisation. It is a trust fund. We collect deposits and invest them in the best way possible according to Islamic principles and try to get maximum returns. Being an investor, Tabung Haji invests in all kinds of business may it be manufacturing, plantations, banking (Islamic Banking), property, housing etc. Tabung Haji has also set up subsidiaries to carry out some of the above business activities.

1.8 Is the "pilgrimage to Mecca" still its number one revenue earner?

The formation of Tabung Haji was never intended to make profit from the pilgrims and we have never done so in the past and not in the future. In truth the return on investment is used to subsidize pilgrimage operation amounting to about RM 15 million a year. Our earnings come mainly from dividends on share investments, rental of buildings, financing and investments of short term funds according to Islamic principles.

Pilgrimage operations is not a revenue earner.

1.9 Approximate company's profit for the past five years?

Tabung Haji's profits for the past five years are as follows:

1992 - RM 102.59 mil
1991 - RM 84.08
1990 - RM 53.18
1989 - RM 71.36
1988 - RM 36.81

1.10 Approximate (%) of the pilgrimage to Mecca's contribution?

Pilgrimage to Mecca does not contribute to the company's profit.

2. COMPETITION

2.1 Do you see LUTH as a monopoly?

Yes and No.

Yes, and only by virtue of the provisions of Akta Lembaga Urusan dan Tabung Haji 1969, which makes it compulsory for every Malaysian to perform their haj through Tabung Haji. Nevertheless, as there was demand from some pilgrims for private arrangements, Tabung Haji allows a few private companies to manage haj beginning in 1985. However to ensure quality services, Tabung Haji has to impose certain limitations. After all in the final analysis Tabung Haji and the Government are still responsible for the overall welfare of the pilgrims. To date a score of travel agents are allowed to manage about 3000 pilgrims yearly.

In terms of business activity there is no monopoly at all. In fact Tabung Haji has to compete with other financial institutions for deposits and getting new investments.

2.2 If not, do you think competition is necessary for this kind of service? Why?

To a certain extent competition is necessary because only then do we know where we actually stand in providing quality service to our customers, whether they are depositors or haj pilgrims. Thus we will know where our strengths and weaknesses are and what to do to provide better and better services in the future.

2.3 What is Lembaga Urusan dan Tabung Haji's share in the market?

Refer to item 2.1 above.

2.4 How many other companies are providing private "Hajj" services?

Last year we allowed twenty companies although the number of applications from interested companies received is around fifty.

2.5 When did private agencies begin to provide its service?

From 1985.

2.6 How different is LUTH's services if compared to the private agencies?

Basically, the difference in services provided by LUTH vis-a-vis private companies lie in the fact that LUTH does not provide food to pilgrims while the later do. In truth, the more important services, other than flight and accomodation, are provided by LUTH regardless of whether the pilgrims go for haj through LUTH or through private companies. These services include the following:-

- a) withdrawal of money deposited in Malaysia;
- b) medical services
- c) counseling services
- d) haj relegious consultancy

3 CUSTOMER SERVICE

3.1 Do you have a written customer service policy?

Yes, there is a written customer service policy.

3.1.1 What is its service strategy?

Its service strategy is as in the Clients Charter (in Bahasa Melayu):-

“PIAGAM PELANGGAN TABUNG HAJI”

“Kami berjanji dengan izin Allah untuk:-

1. Membantu anda mendapatkan haji yang mabrur dengan perbelanjaan yang berpatutan
2. Menyelaras penerbangan haji yang menepati masa, selamat dan boleh diharapkan
3. Menyediakan penginapan yang bersih dan selesa di Tanah Suci
4. Menyelenggarakan akaun anda secara profesional dan mengawalanya secara sulit dan persendirian
5. Melabur dalam bidang pelaburan yang halal, berhemat dan selamat supaya dapat memberi pulangan yang setanding dengan pasaran, di samping memastikan pertumbuhan yang berterusan
6. Memberi layanan yang mesra, cepat dan cekap
7. Memberi maklumat yang tepat, jelas dan terkini

3.1.2 How different is it from the competitors?

Unlike our competitors, we promise to help our potential customers a good service during the pilgrimage for them to gain a 'haj mabrur'.

3.2 Is the customer service policy make known to Luth's employee?

Yes. The Charter is made known to all our employees.

3.3 Do customers receive a copy of this policy?

The Charter is exhibited at all our offices so that our customers can see it.

3.4 Is there a cultural change in customer policy since competitors set in?

Yes, there has been a cultural change in customer policy since competitors set in.

3.4.1 What is the existing culture?

Before Bank Islam and the existence of 'Islamic windows' in commercial banks, there was no competition, but now we have to compete to woo more Muslims to save in Tabung Haji.

3.4.2 Why did it have to change?

We have to change as we would lose our customers because there now exist a wider choice of savings and investment based on Islamic principles.

3.5 Commitment

3.5.1 At all levels of the organization?

✓ We make sure all levels of our employees are committed to this Charter and I'm satisfied and very happy because through all these years, Tabung Haji has been successful because of the commitment of employees in whatever they do.

3.5.2 How was this achieved?

We strive to inculcate Islamic values in our employees such as honesty, hardwork, trust etc through our training programmes, and also by reminding them that we have an obligation towards Muslim in this country and well-being of Ummah.

3.6 Communication

3.6.1 How was the necessary information gathered?

Intergrated ITS (Information Technology System) throughout state and district branch offices with on-line facilities.

3.6.2 How were the plans formulated/initiated?

A session to analysis and formulate the entities and 'mission' of Tabung Haji was held amongst the senior officers, called the Executive Strategic Session. During this session, the Corporate Mission and Clients' Charter was drawn.

3.6.3 Who were given what details?

The Corporate Mission and the Clients' Charter were launched in December 1993, and information on them were made known to all staff and customers through dissemination of information literature such as circulars, "Berita Tabung Haji" and "Halaman Tabung Haji".

3.7 Motivation

3.7.1 How were employees involved and made aware of the customer service programs?

There are QCC programmes among employees which included ways to help improve services towards customers.

3.7.2 What had been done to get individuals to believe in the customer service aspect?

Through training programmes which include counter management, public relations etc.

3.8 Training

3.8.1 How was the customer service philosophy sustained?

We sustain the customer service philosophy by conducting on-going trainings for staffs, which emphasize on culturing and upgrading effort to attain quality services.

We also have training module on Counter Services, How to handle the phone effectively and Techniques On Public Speaking. On top of that, trainings are also given to promote public relations.

3.8.2 Does it bring its own rewards and thus motivate?

In terms of motivation to staffs, they have become more confident in doing their work effectively and skillfully. These are the results of trainings given to them on handling customers the right way at the counter.

Furthermore, it motivates the staffs to have more job satisfaction as to having less complaints from the public in regard of customer service.

As a whole, job satisfaction by staffs will results in giving good services to customers. And an excellant service will give satisfaction to customers which is vital to the success of this organization.

3.9 Measurement

3.9.1 How do you measure the success of the programme?

- application of quantitative method
- ROI
- Broker Line

The success of these programmes is being measured through quantitative methods such as counter service analysis feedback through suggestion boxes, reports from Public Complaints Bureau, the mass media etc. The success of the customers service programmes have also resulted in the increase in the number of depositors, savings, the number of applicants to perform the haj, and the increase in returns of investment.

3.9.2 What exisiting business measurements were affected by the programme?

Quarter existing methods used by Associate Companies

PREPARED BY :

**HAJAH ROHANA BT. HAJI MD. HANAFIAH
ASSISTANT DIRECTOR
CORPORATE AFFAIRS DIVISION
PILGRIMS MANAGEMENT AND FUND BOARD**

29 JULAI 1994

TO:

**MR. ISHAK BIN ISMAIL
INTERNATIONAL MANAGEMENT CENTER
THE UNIVERSITY OF HULL**

APPENDIX 4.1: FINANCIAL HIGHLIGHTS

Financial Highlights

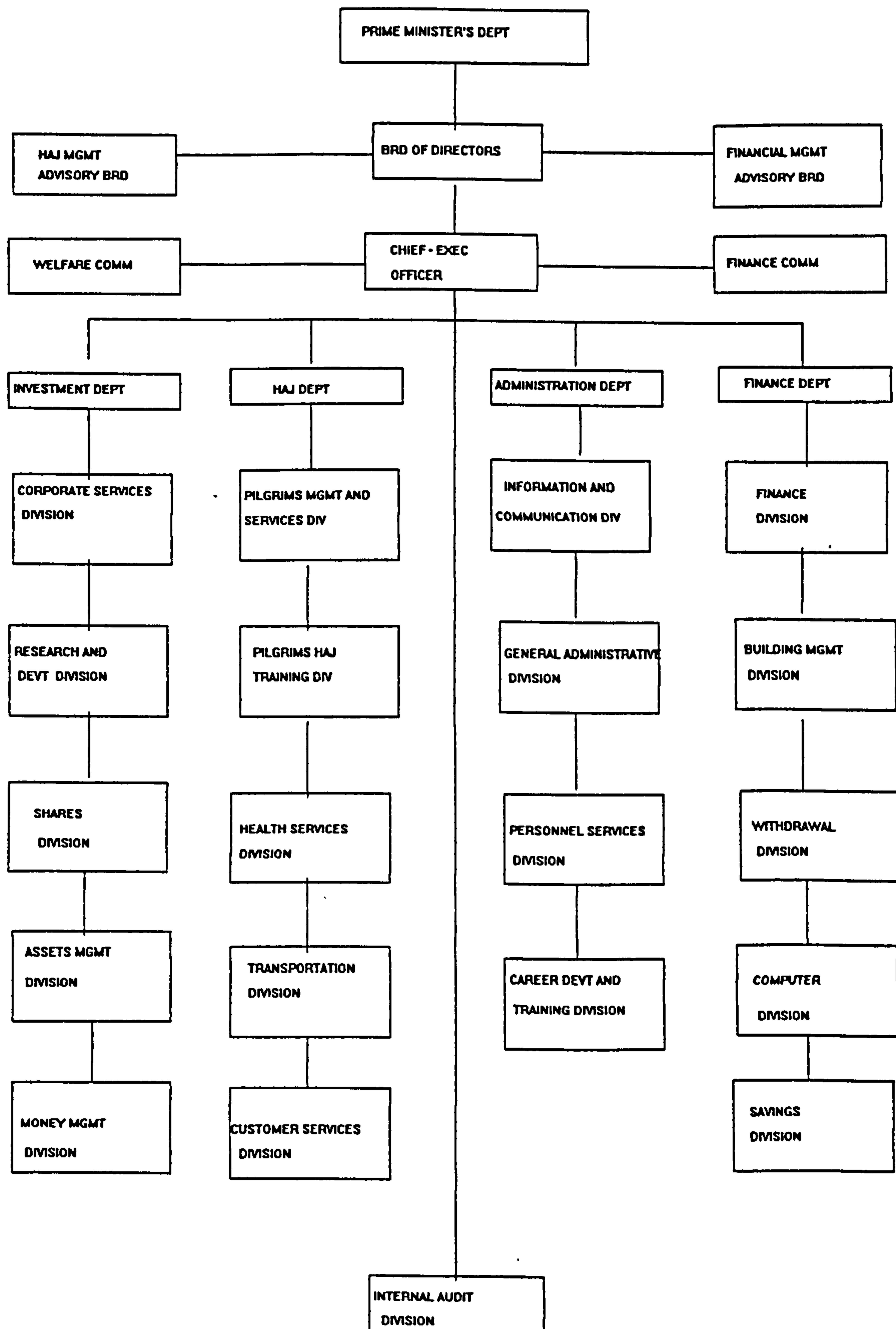
For the year ended 31 December	Before Consolidation 1988 (RM'000)	1989 (RM'000)	1990 (RM'000)	1991 (RM'000)	1992 (RM'000)
Turnover	180,872	232,577	246,782	264,017	332,204
Profit Before Tax	46,350	74,655	60,170	94,598	89,474
Profit After Tax	42,948	73,013	54,702	85,081	85,845
Investment in Companies	318,705	310,845	496,054	621,613	770,237
Fixed Assets	256,562	273,695	312,224	360,386	389,299
Total Assets	971,009	1,181,935	1,272,599	1,370,342	1,725,111
Business Zakat	2,059	2,432	3,044	2,862	2,880
Bonus	39,270	55,695	25,521	68,878	83,510
Depositors' Fund	789,538	1,014,444	1,074,494	1,146,602	1,466,587
Accumulated Profit Carried Forward	88,551	108,440	134,935	156,027	177,044
No. of Depositors ('000 persons)	1,301	1,519	1,754	2,032	2,180

APPENDIX 4.2: CORPORATE DATA

Corporate Data

Foundation Date:	November 1962
Date of Incorporation:	September 30, 1963
Address:	Lembaga Urusan dan Tabung Haji 201, Jalan Tun Razak, P.O. Box 11025 50732 Kuala Lumpur
Subsidiary Companies:	<ol style="list-style-type: none">1. The Pilgrims Fund Plantation's Corporation Sdn.Bhd. (PLLTH)2. The Pilgrims Fund (Sabah) Plantation's Corporation Sdn.Bhd. (LTHS)3. The Pilgrims Fund (Holdings) Plantations Sdn. Bhd. (LTHH)4. The Bonggaya Plantations Sdn. Bhd.5. The Bangka Ulu Plantations Sdn. Bhd.6. The Pilgrims Fund Construction and Housing's Corporation Sdn. Bhd. (SPPTH)7. The Pilgrims Fund Transportation and Trading's Corporation Sdn. Bhd. (PPPTH)8. Property Management Company Sdn. Bhd. (UBSB)9. System Technology & Telecommunications Ind. Sdn.Bhd. (STTI)
Associates Companies:	<ol style="list-style-type: none">1. Asian Rare Earth Sdn. Bhd.2. Autoways Holdings Bhd.3. Boustead Estate Agency (Sabah) Sdn. Bhd.4. CG Medical Industries Sdn. Bhd.5. Computer Forms (Malaysia) Sdn. Bhd.6. East Johor Marine Farms Sdn. Bhd.7. ICI Fertilizers (M) Sdn. Bhd.8. Information Networking Corporation Sdn. Bhd.9. Jami Swilynn Sdn. Bhd.10. Kimberly-Clark Malaysia Sdn. Bhd.11. Labuan Beaufort Interconnection Sdn. Bhd.12. Labuan Water Supply Sdn. Bhd.13. Marconi (Malaysia) Sdn. Bhd.14. Perumahan Kinrara Sdn. Bhd.15. Pro-Moulding (M) Sdn. Bhd.16. Seapine Wood Industries Sdn. Bhd.17. Sincere Match & Tobacco Factory Sdn. Bhd.18. Taiping Advertising Match Sdn. Bhd.19. Tiram Kimia Sdn. Bhd.20. Times Offset (M) Sdn. Bhd.21. Tootal Thread Malacca Sdn. Bhd.22. Wembley Gypsum Products Sdn. Bhd.23. Wing Tiek Holdings Bhd.
Investment Field:	<ol style="list-style-type: none">1. Investment in shares (equity participation).2. Investment in subsidiary companies.3. Investment in Land and Buildings.4. Investment in Unit Trust and Government Investment Certificates.
No. of Depositors:	2,179,292 depositors (as at 31 December 1992)
Office Branches:	89 branches (as at 31 December 1992)
No. of Employees:	1050 persons (as at 31 December 1992)

APPENDIX 4.3: THE PILGRIMS MANAGEMENT AND FUND BOARD - ORGANISATIONAL STRUCTURE



Investment Advisory Panel

*Investment
Advisory Panel*

Chairman

YM Raja Tun Mohar bin Raja Badiozaman
SSM, PMN, PSM, SPCM, JMN

Members

Y. Bhg. Tan Sri Dato' Haji Jaffar bin Hussein
PSM, SPMJ, SIMP., DPMJ, JSM

Y. Bhg. Tan Sri Dato' Abdul Aziz bin Haji Taha
PSM, SPMJ, DSJ, JMN

Y. Bhg. Tan Sri Dato' Haji Azman bin Hashim
PSM, DPMS, JMN, KMN

Y. Bhg. Dato' Haji Abdul Latif bin Haji Mohd. Hasan
DSSA, SDK, JSM, KMN, BCK
(Director General, Tabung Haji)

Tuan Haji Mohamed bin Haji Shafie
(Finance Director, Tabung Haji)

Secretary

Encik Ihsan bin Ismail
(Special Assistant, Investment Department)